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FOUR LOCAL PARLIAMENT MP'S ASK N-FREE FAEROE ISLANDS

Copenhagen LAND OG FOLK in Danish 5-6 Nov 83 p 1

[Article by Soren Rasmussen: "Faeroes Will Declare Themselves Nuclear Free"]

[Text] Four members of the Faeroe Islands Parliament have recommended that the islands declare themselves a nuclear weapon-free zone. The recommendation will be debated in the current session of the parliament.

NATO's Fist

The recommendation was made by members of four different parties: Joannes Dalsgaard of the Social Democratic Party [a moderate socialist home rule party], Erlendur Patursson of the Republic Party [an extreme, populist socialist secession party], Hilmar Kass of the Independence Party [a moderate liberal home rule party] and Olaf Olsen of the People's Party [a conservative pro-independence party]. Even though those four sponsors scarcely have the full backing of their parties in the parliament, there is a good chance that the recommendation will be approved.

The representative of the Danish Government in Torshavn, Ombudsman Niels Bentsen, threatened the opponents of bases in the Faeroes during a debate in parliament earlier this week that continued opposition to the development of the NATO installation at Mjorkadal could have "consequences for the union."

Although the Faeroe Islands Parliament unanimously voted in 1960 and 1970 that there should be no military or military installations on the islands, NATO with the permission of the Danish government has installed several important electronic installations.

Last year NATO began the development of Mjorkadal Airfield west of Torshavn without permission from the city government or the parliament, which caused two demonstrations in a period of a few weeks--the latest with about 700 participants.

The threat by the ombudsman to sever connections between the Faeroes and Denmark was a reaction to the continued opposition to the Mjorkadal base, which is a link in the military NADGE radar chain. MP Joannes Dalsgaard requested Danish authorities to respect the Faeroes "no" to military installations and requested NATO to clear out.

CONSERVATIVES GAIN CONTINUES IN LATEST POLL

Trail SDP by Nine Seats

Copenhagen BERLINGSKE TIDENDE in Danish 6 Nov 83 p 1, 7

[Article by Lisbeth Knudsen: "Conservatives Score Government Gains - Only Nine Seats Away From Socialists According to Gallup"]

[Text] Prime minister maintains it is results, not seats, which are more important. Gallup shows the government still can not get a majority without the help of the Radical Liberals and the Progressives if an election were held today.

With heavy applause from over 2,000 guests and delegates, Prime Minister Poul Schluter yesterday confirmed at the Conservative National Council that it is the party's results with the quartet government which count more than the prospects of an enormous conservative gain of seats in a Folketing election now.

A Gallup political poll taken in the days after the great economic "Rio Bravo Compromise" gives the government a gain of 14 seats, but the Conservative Party itself stands to increase from 26 to 48 seats. The party is thereby only 9 seats from reaching the number of seats of the largest party, the Social Democrats.

It is the government which is reaping the benefits of the compromise, and not its coalition partners or the opposition. The compromise partners, the Radical Liberals and the Progressives, both experienced a decline. For the Radical Liberals it was two seats, and for the Progressives it was 4 seats compared with the 12 they now hold in the Folketing. Actually it amounts to a loss of 8 seats since the election of 1981 for the Progressives.

Nor have the Social Democrats acquired additional support from the voters based on the compromise. They lost two seats, as did the Socialist People's Party. On the other hand, the Left-Socialist Party returns to the Folketing after being absent in Gallup's September poll.

Of the Conservative Party's coalition partners, the Liberal Party had a decline of three seats and the Center-Democrats had a decline of seven seats. In the October poll, however, the Christian People's Party increased from four to six seats.

"Some have said that it must be an almost superhuman temptation for me to cash in on the gain of seats. It is not. The important thing for me is not whether we have 26 or 52 seats. The important thing is that we utilize all possibilities to advance the policies of the quartet government, and turn its goals into realities without unnecessary interruptions," said Prime Minister Poul Schluter at the Conservative National Council, where he praised his government partners for loyal and determined cooperation.

The following table shows the distribution of seats in the Folketing resulting from the Gallup poll. Gallup's figures are in the first column, and the present actual distribution is in the second:

<u>Party</u>	<u>Gallup</u>	<u>Now</u>
Social Democratic Party	57	59
Radical Liberal Party	7	9
Conservative Party	48	26
Socialist People's Party	19	21
Center-Democratic Party	8	15
Christian People's Party	6	4
Liberal Party	17	20
Left-Socialist Party	5	5
Progressive Party	8	12
Independents	0	4

Political Index

Question: Which party would you vote for if there were a Folketing election tomorrow?

Sampling period: 22 October - 3 November 1983.

	8/12/81	4/83	5/83	6/83	8/83	9/83	10/83
Party	pct.	pct.	pct.	pct.	pct.	pct.	pct.
Social Democrat	32.9	32.2	32.8	33.7	32.2	32.2	32.2
Radical Liberal	5.1	3.5	3.9	3.1	3.0	3.5	3.7
Conservative	14.5	25.9	23.6	28.1	24.9	25.4	26.9
Single-Tax	1.4	-	-	-	-	-	-
Socialist People's	11.3	9.8	10.5	11.1	11.4	11.4	10.7
Inter.Soc.Labor	0.1	-	-	-	-	-	-
Communist	1.1	-	-	-	-	-	-
Center Democrat	8.3	4.4	5.4	2.9	4.4	4.8	4.3
Christian People's	2.3	-	-	2.1	2.2	-	3.3
Communist Workers	0.1	-	-	-	-	-	-
Liberal	11.3	12.2	9.7	9.0	12.2	11.3	9.7
Left-Socialist	2.7	2.7	2.2	2.0	2.3	-	2.9
Progressive	8.9	6.0	7.7	5.1	5.7	4.8	4.5
Other parties *)	-	3.3	4.2	2.9	1.7	6.6	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*) Parties with less than 2 percent of the votes

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Schluter's Satisfaction With Coalition

Copenhagen BERLINGSKE TIDENDE in Danish 6 Nov 83 p 6

[Article by Lisbeth Knudsen and Michael Ehrenreich: "Poul Schluter Is Completely Satisfied With His Quartet"]

[Text] "Political stability is not a question of a guarantee of the government's life, but of confidence that the necessary policies can be carried out," maintained the prime minister at the Conservative National Council. He did not want to write off cooperation with the Radical Liberal Party and the Progressive Party for the sake of cooperation with the Social Democrats.

"I do not have the slightest doubt that the foundation of government co-operation between the Conservative, Liberal, Center-Democrat and Christian People's Parties is solid and durable. It has been an exceptional co-operation during past years. From the Conservative Party's side we have every possible reason to thank the three other parties for loyal and determined cooperation. None of us has a reason to emphasize our own contributions in relation to the other three."

So spoke the prime minister in his political statement at the Conservative National Council.

"In the quartet government we have been careful from the start to agree on the key in which we would play. We have tuned our instruments with each other. Therefore we have been able to play a good and worthwhile quartet," he continued.

The Correct Answer

Poul Schluter said that he would not apologize for the concessions which the government had to grant in the Folketing to the Radical Liberal and the Progressive Parties. He submitted that the government had not chosen sides in that cooperation.

"We chose a policy. A policy which we know is the correct answer to Denmark's problems. The Social Democrats turned their backs on this policy. So far we have succeeded in conducting this policy together with the Radical Liberal and Progressive Parties," he said.

The prime minister did not believe that cooperation with the Social Democrats would be necessary in order to have stability.

"When I speak of political stability, I am not thinking of a guarantee of the life of the government. What we need is confidence that a policy will be carried out which alone can give a brighter outlook for the future. It is that kind of political stability that we want. Can we have that confidence if we throw overboard the existing pattern of cooperation and make ourselves dependent on the Social Democrats, with the attitudes that they have today? I do not think so," said Poul Schluter. He emphasized that the government will not pay for its life by giving up the necessary policies.

Laborious, But Also Festive

Concerning the government's results during the first year of its life, the prime minister said, "This has obviously been a laborious year. But the expectations we had have been realized. Results have been achieved which we hardly dared hope for. Every day has really been difficult, but it has also been festive--because we saw things succeed for us."

The prime minister established the economic policies of the government in a few sentences. "If one becomes accustomed to spending more than he can afford, then he will gradually be able to afford less and less. That was the prescription of our predecessors. On the other hand if one can arrange to spend a little less than one can afford, one can gradually afford more and more. That is the prescription of the quartet government.

"All in all we can be pleased with the results we have achieved in the first year of the quartet government. But we can not be satisfied.

"We have come a distance along the road, but we are a long way from the end of the road. We must not let go of developments. We must not give up at the halfway mark. We must always keep our distant goal in sight. Otherwise the efforts of the people and ourselves will be lost," concluded the prime minister.

Leading Newspaper on Poll

Copenhagen BERLINGSKE TIDENDE in Danish 6 Nov 83 p 10

[Editorial: "Their Weakness"]

[Text] The Social Democratic Party is the large opposition party. With the support of the Socialist People's Party and the Left-Socialist Party the Social Democrats are following a policy which is in sharp opposition to the government, and which will represent an alternative position for the people. If the government is brought down by the current activity of the Social Democrats in their initiatives to establish a new policy, they are ready to create a new government. There is not a chance, however, that they will succeed.

The Gallup Political Index, which BERLINGSKE SONDAK publishes today, contains a clear confirmation that things are going badly for the opposition. The Social Democrats' share of the votes is a bit lower than in the election of 1981, and it has been thus for several months.

The Socialist People's Party also has less support than in the election, and the improvement of the Left-Socialist Party is insignificant.

The many big words and eager initiatives in the Folketing thus have not given either the large or the small opposition parties increased support in the population. The Social Democrats, who had a hard enough time managing as a government party, is having it no easier as an opposition party. Even though the party does not have to bear the burdens that would come with being a minority government party, that has not made it easier. As opposition party it has full freedom to follow its own head, but so far it has not enjoyed that.

It must be said that the government policies in a number of important areas--from security policy to social legislation--have been met with the most indignant opposition by the Social Democrats. They have agitated that this government's policies are destroying the welfare state, that it is turning time backwards to an undesirable condition, and that it is creating new divisions in the population. Their indignation is boundless in the words they use. They speak as though the blackest reaction is ravaging the land. But in the judgment of the public this attack on the government has not given the Social Democrats increased strength. It is just as bad as when it was the government party.

The population does not share the Social Democrats' indignation, and there is no sign that Anker Jorgensen and his people can win this conflict that they are conducting against the government. It must be depressing for the Social Democrats to realize that--so much more so as the government is no longer new and untested. The voters know what the government stands for, and the voters realize its goals. They have recognized the government, and they do not have much left over for an opposition which opposes the government's policies.

The road back to power for the Social Democratic Party can prove to be much longer than they thought when they gave up power.

9287

CSO: 3613/38

POLL MEASURES VOTER SUPPORT FOR POLITICAL PARTIES

Oslo AFTENPOSTEN in Norwegian 19 Nov 83 p 3

[Text] In a poll taken by Norges Markedsdata around the end of September, a nationwide sampling of about 1250 persons was shown a card with the names of political parties and asked the following questions: "Which party or parties are conducting a policy which in many ways is in line with your thinking, and which you could perhaps decide to vote for in a future election? Are there other parties you could support in an election?"

Responses arranged by percentage and in order from the highest to the lowest were as follows:

Party	All %	Men %	Women %	Under 30 %	30-59 %	60 and over %
Labor	42	41	42	36	42	47
Conservative	33	38	28	32	37	25
Progressive	15	17	13	26	13	7
Chr. People's	12	10	13	7	10	20
Center	10	10	10	9	9	12
Socialist Left	10	10	10	14	10	5
Liberal	9	9	10	10	10	7
Liberal People's	2	2	2	1	2	2
Red Alliance	1	1	2	2	2	-
Communist	-	-	-	1	-	-
Other	1	2	1	2	1	1
None/don't know	5	3	6	5	5	4
Total	140	143	137	145	141	130

A dash indicates that the party was chosen by fewer than 0.5 percent. The total percent exceeds 100 because many naturally have chosen more than one party. The total is less for older (130) than for younger (145) persons. This is because older persons are more often tied to one party, and see fewer alternatives to it.

Otherwise we note that only 5 percent of those queried answered "None/don't know." This can indicate that the sample was somewhat underrepresented with persons who do not vote in political elections.

Perhaps the most conspicuous part of the results is the Progressive Party's high potential, especially in the younger age groups. Measured in comparison with the parties' support in elections and polls, there were also relatively many who responded for the Liberal and Socialist Left Parties. In other words it looks as though relatively many people have these three parties as their second choice.

In order to look closer at second or alternative party choices, in the table below we have sorted the answers to the above question against which party the respondent said he would vote for if the election were tomorrow:

Expects to vote for:	Would vote for if election were tomorrow:							
	All	A	H	F	KRF	S	SV	V
	%	%	%	%	%	%	%	%
Labor (A)	42	100	6	9	4	3	36	18
Conservative (H)	33	5	100	24	11	13	-	-
Progressive (F)	15	4	16	100	2	6	-	1
Chr. People's (KRF)	12	3	5	6	100	9	-	7
Center (S)	10	2	5	6	8	100	-	10
Socialist Left (SV)	10	12	-	-	-	-	100	16
Liberal (V)	9	4	5	5	2	16	11	100
Liberal People's	2	-	2	2	1	-	2	4
Red Alliance	1	-	-	-	-	-	9	-
Communist	-	-	-	-	-	-	2	-
Other	1	1	1	2	-	2	2	4
None/don't know	5	-	-	-	-	-	-	-
Total	140	131	150	154	128	149	162	160

Example of reading the table: Among those who will vote for the Labor Party if there were a Storting election tomorrow, there are 12 percent who also could imagine supporting the Socialist Left Party in a future election--and 5 percent chose the Conservative Party.

Among those who would vote Conservative if the election were tomorrow, there are 16 percent who would pick the Progressive Party as a second choice. But here one must remember that the Progressive Party has already taken over many previously Conservative voters. On the other hand there is also one-fourth (24 percent) of those who vote Progressive who chose the Conservative Party as their second choice.

9287

CSO: 3639/31

LIBERAL PARTY CHAIRMANSHIP CHANGE BRINGING POLL GAINS

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 83 p 6

[Article by Willy Silberstein: "Sifo Commentaries: Change of Leaders Attracted Voters to the Liberal Party"]

[Text] "Sure, the change of party leader has attracted some voters to the Liberal Party. But the fact that we are gaining now is also because people see how the Social Democrats are forced to abandon one election promise after another," Liberal Party leader Bengt Westerberg says.

It is a satisfied party leader who is commenting on the latest SVENSKA DAGBLADET/Sifo [Swedish Institute for Public Opinion Polls] poll, which gives the Liberal Party an increase by two percent to eight. The Conservatives get 29.5 (+1.0), the Center Party 14.0 (-1.0), the Social Democrats 40.0 (-2.5) and the VPK [Left Party-Communists] 5 (-1.0). The non-socialists have 51.5 percent of the voters and the Socialist bloc 45.0.

As SVENSKA DAGBLADET stated yesterday, the Liberal Party has gained Sifo points each time a new leader took over. Bengt Westerberg, who has headed the Liberal Party for only a little over a month, does not want to say that the acid test still remains, however.

Aiming for 10 Percent

"But I do not expect, of course, that we will gain in every poll. In the future we will probably stay level or even lose half a percent or so in the polls. But the aim is to get above 10 percent," he says.

An important explanation for the fact that the Social Democrats are losing is, according to the Liberal leader, that they have broken all promises except the one to introduce wage earner funds--and the funds are not popular.

"That is why we are now achieving several goals: We have a non-socialist majority, at the same time as the Liberal Party is growing."

How much competition is there between the Liberal Party and the Conservatives?

"There is a certain amount of rivalry, of course. But simply to say that the Liberal Party is now threatening the Conservatives is a shallow analysis, which the Social Democrats are very fond of spreading in order to represent me as rightist."

Good for the Non-Socialists.

Conservative party secretary Georg Danell also follows a similar line of reasoning, however: Bengt Westerberg is trying to conduct Conservative politics, he says.

"That is good for non-socialism. And I really don't think he succeeds in swaying any Conservative votes."

Danell also believes that the changes in the Sifo poll are due to what he calls the betrayal by the Social Democrats.

"There is turbulence in the movement, the Social Democrats are suffering from tremendous insecurity because of unemployment, the funds and higher taxes."

What is important for the 1985 election, in his opinion, is to unite around how to abolish the wage earner funds and to attack together the tax increases which the Social Democrats are implementing.

Not Shaken

Social Democratic party secretary Bo Toresson is not shaken by the fact that the Social Democrats have lost so much at Sifo that it is necessary to go back to 1970 to find a corresponding development.

"That was expected. The voters had such high expectations. Perhaps they did not listen to the serious words we said in the election campaign about the future."

The ongoing betrayal debate will be short-lived, he believes. The economy is recovering and in undertaking economic restraints the government is conducting a just distribution policy.

Did the wage earner funds contribute to the low figures?

Not Worried

"Possibly in the latest poll which was made while the 4 October demonstration, among other things, was going on. But now we are starting up our major information efforts concerning the funds. They are needed, there is a great deal of pressure on our party people."

Another party which has lost in the poll is the Center Party. But it is only a matter of one percent. Consequently, party secretary Allan Pettersson is not very worried.

"Together the non-socialists have a majority, which is important. Furthermore, the Center Party usually loses between elections. When the election campaign begins we will certainly gain once more."

WESTERBERG BEGINS LIBERAL PARTY CHAIRMANSHIP BY REFORMING

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 83 p 6

[Article by Elisabeth Crona: "Party and Parliament Get Joint Leadership"]

[Text] A joint leadership for party and Parliament, three female pioneers as close collaborators, Jan-Erik Wikstrom back at the top--this is what the people around new Liberal Party leader Bengt Westerberg look like.

"I have tried to form a group of people who supplement each other," is the way Westerberg explains his people strategy to SVENSKA DAGBLADET.

At the national meeting in January a new group of 6-8 persons called the party leadership was formed which most closely resembles an executive committee.

It is this new group that Bengt Westerberg is building up as the political platform.

Sitting on it, as before, are Birgit Friggebo, Ingemar Eliasson, Bjorn Molin, Kerstin Ekman and municipal politician Kjell-Ake Henstrand.

Wikstrom Back

But to it Westerberg is now adding parliamentary group chairman Jan-Erik Wikstrom, who was voted out of the party presidium in January. In addition to substituting as party leader in major parliamentary debates, he will also get back a new high position within the party. Jorgen Ullenhag will also take up a post in the party leadership.

"We are so small that we must consolidate our resources. This is why I have integrated the leadership of the parliamentary group with the party group," Westerberg explains.

With the reorganization he will also solve part of his own problem: being a party leader and not sitting in Parliament. The important parliamentary issues, just as other politics, are carefully prepared at the meeting of the party leadership once a week.

Friggebo Party Secretary

Bengt Westerberg has tried to weed out organizational questions from these meetings, in order for the Liberal leadership to be able to devote itself more effectively and energetically to political debate: "Organizational questions have a tendency to spread."

Such decisions are instead moved to the presidium--Westerberg's, Friggebo and Eliasson.

Birgit Friggebo, who functions as party secretary and works in the main office on Luntmakar Street, in addition has an organizing delegation under her. When Ola Ullsten gets a job--nothing is clear as yet--Friggebo will move back into Parliament. What will happen to the job of party secretary then has not yet been decided.

Birgit Friggebo is the first female party secretary in the history of the Liberal Party. The new party leader surrounds himself with more pioneers:

Anne Wibbe, licentiate in economics, is the first female head of section in the Liberal parliamentary group. She succeeded Lars Bergstig after one year at the Liberal Party's office. She is Bertil Ohlin's daughter.

Maria Arnholm will become political assistant to the party leader after the first of the year. No woman has ever been the Liberal Party leader's closest collaborator.

She comes directly from the Liberal Party's Youth League and was chairman of its executive committee until this summer.

Little Brother Filling in

The Liberal Party's Youth League was the only group in the party that stuck with another candidate--Bjorn Molin--to the very end and did not participate in the voting at the national meeting on 1 October.

Westerberg insists: "It was not in order to "appease" the youth league that I chose Maria."

He also denies having gone out deliberately to recruit women: "I looked for the best person."

Yet another Westerberg works at the main office--younger brother Kjell. But he is only filling in to the end of the year for political secretary Christer Nilsson, who is on paternity leave.

Repeat the Message

Another point in Westerberg's people strategy concerns the chairmen of the local committees. There are 500 and in the future they are to receive personal letters from the party chairman.

"These are people who have to absorb the first blows. We must tell them how important they are."

Have they been neglected up to now?

"One has not relied on them as directly as we are going to do now through visits, letters, training."

Getting out the Liberal message, repeating programs which never really stayed in the audience's memory--this keeps Bengt Westerberg very busy: "We Liberals have felt a constant need to be original. Instead I will try to repeat our messages."

"Just as other political strategists Bengt Westerberg naturally glances toward the mass media. He raises his eyebrows in surprise at the thought that it should be hard work to be chased by the women's magazines: "They always pose one or two political questions. And we want to use all media in order to reach out. Their readers are an audience we would otherwise have a great deal of trouble reaching."

11949

CSO: 3650/46

PALME'S NEED TO MAINTAIN LO SUPPORT THREATENING PROGRAM

Union's Wage Demands Above Ceiling

Stockholm SVENSKA DAGBLADET in Swedish 8 Nov 83 p 21

[Article by Eva Hamilton: "Meeting About Protection Against Inflation; LO Wage Demand Seven Percent"]

[Text] Nearly the whole government went to Norra Bantorget Monday evening to have dinner with the national secretariat of LO [Federation of Trade Unions]. At that time the LO presented its wage demands for the wage negotiations, which began on Thursday.

According to SVENSKA DAGBLADET's information, LO will demand about seven percent.

For the last few weeks the LO leadership has been working feverishly to find a sensible solution to two incompatible demands: the government's demand and the demand from the 2 million members.

The government does not want any wage increases which might jeopardize the inflation goal for 1984 and has announced that there is only a 6-percent margin for wage increases.

The members do not want to accept a wage development inferior to that of the salaried employees.

The 1984 wage increases are about seven percent. This is according to a 2-year agreement concluded last spring between the PTK [Negotiating Cartel for Salaried Employees in the Private Business Sector] and the SAF [Swedish Employers' Confederation].

The bitterness of the LO organization is illustrated in a statement made by the Union of Metalworkers after its collective bargaining council on Monday:

Powerlessness

"We have been forced to watch with anger and powerlessness as employers and high-income earners conclude agreements giving wage increases to those who already have the best situation--groups which because of the tax cut will already get a higher standard of living this year."

It is precisely in order to extend a hand, a small hand, to the hard squeezed and angry LO leadership that the government during dinner on Monday was expected to present a change in the tax settlement.

The protection against inflation will be lowered from 5.5 to 4.1 percent. This is a reduction which affects primarily highly paid workers--although it is a decrease which is far smaller than what LO demanded.

LO's Demands

LO, in turn, was expected to present its bargaining demands to the government. According to SVENSKA DAGBLADET's information, LO will demand a seven percent wage increase, plus a 2.5 percent sliding wage scale guarantee. But LO's demands could still change somewhat, after the meeting today, Tuesday, of the union chairmen in order to discuss the collective bargaining.

At this stage the Union of Industrial Metalworkers, which last year broke away from the coordinated LO action by reaching its own agreement with the employer, the Manufacturing Industry Association, intends to help maintain unity this year.

This means that the Metalworkers will be forced to accept a profit development guarantee--something which the union on principle opposes.

The wage negotiation demands are also likely to contain a shortening of the working hours for two-shift workers. Last year their hours were reduced from 40 hours/week to 39.5. This year the LO would like to go further and have the working hours for this group lowered to 38 hours/week.

Palme 'With Back Against Wall'

Stockholm DAGENS NYHETER in Swedish 13 Nov 83 p 7

[Editorial by Sven Svensson: "With His Back Against the Wall"]

[Text] An uproar about taxes, a wage message from LO which exceeds the government's desired ceiling, and then, in the middle of everything, the fall of a minister--there was great drama in politics during the past week.

What will the consequences for the government be, what conclusions can be drawn?

That is what this Sunday's Insight is about.

The Palme government has little chance of bringing off a Swedish economic recovery without allies in Parliament. This is the bitter truth after the absurd week which has now ended with Justice Minister Ove Rainer's resignation as a climax that would be difficult to top.

New elections are actually the only logical conclusion to the policy of total confrontation which is mounting, but that would also not solve any economic problems.

During the week several different proposals were presented which will govern the political development for many years to come.

Among them is the whittled-down tax reform for 1984 and 1985, the wage earner fund proposal and LO's wage bid for 1984. And everything is accompanied by abuse from the political opposition and record-low opinion figures for the Social Democrats.

The strategy of the Palme government is chiefly characterized by attempts to buy LO's favor with various political promises or concessions.

But that only serves to intensify the struggle between the wage earner organizations and makes the government a political target in Parliament. The non-socialist parties shun the Palme government like the plague, and as a result the VPK [Left Party-Communists] is about to be awarded some sort of veto power with everything it implies.

The tax settlement that wonderful night in April 1981 was founded on the right idea. Finally, the citizens were to find out by means of a settlement across bloc boundaries what the taxes would be for 3 years to come, independent of what government would come to power after the 1982 election.

But the ink had scarcely dried on the agreement before the government introduced the LO rebate for low-income earners, and for 1984 and 1985 the index-regulated protection and marginal taxes will be beefed up for high-income earners. All in order to try to appease the LO.

Now there is no longer a tax settlement, and the 1985 election will become a new tax war.

The government has gradually weakened the wage earner funds. The fact that the fund proposal has now been submitted to Parliament is primarily because the government had hoped to get the LO to restrain its wage demands. If that were true, the employers would be beside themselves with joy instead of barking like watchdogs. Nothing could be more welcome to the producing industry than the wage earners lowering their wage demands by three or four percent.

But what are the LO's wage demands, from an objective viewpoint?

The demands of Stig Malm and the LO leadership for 1984 are 10-11 percent labor cost increases after the government changes the tax tables and makes enemies out of both the salaried employees' organizations and the middle parties in Parliament.

This is certainly confirmation that the employers believe they were right to oppose the funds, and at the same time it is a serious blow to the government's efforts for a reasonable anti-inflation policy.

According to the government, the Swedish economy can sustain wage increases of at most six percent for 1984, or the four percent inflation goal will be blown sky-high.

Illegitimate Son

Instead, the collective bargaining round for 1984 now looks like a better inheritance distribution; perhaps an illegitimate son may even turn up toward the end.

A rapid cost increase during 1984 and 1985 will strongly undermine the chances of the municipalities for increasing employment. Municipal revenues are given by the tax results for 1982 and 1983.

The government's express goal in Feldt's little red savings package is to reduce inflation to four percent during 1984 and to three percent during 1985.

Every increase in inflation by one percent above the inflation target leads to an increase in unemployment of 15,000-20,000 persons.

This is a new approach in the government's argumentation. It means that a missed inflation target is the government's Achilles heel. If the government cannot manage to reduce unemployment in plenty of time before the 1985 election, by holding down wage demands, among other things, the chances of the non-socialist parties for winning the election grow dramatically. Furthermore, it is in fact so that inflation annually redistributes tens of billions from small savers to richer people and to those who own stocks and real property.

Consequently, there is really no better distribution policy than lowering inflation and increasing employment. And both of these things presuppose each other.

Black Sheep

It is not only the Palme government which is now having difficulties; one individual cabinet member after another is lining up as a personal problem.

It is evidently difficult to come from outside to national politics and become a successful cabinet member with everything that entails. A cabinet member should preferably be at the ministry, on television and out among the voters simultaneously.

"Red Borje" Andersson lost 10 kilograms as defense minister, got tired of it after a few weeks and returned home to Borlange.

Roine Carlsson came from his trade union and had to have a few bouts both with NCB [Owners of Norrland Cellulose Forests] chairman Sven Ostling and with friends in the party in Kiruna, but he has now adjusted to his new environment.

Lennart Bodstrom as foreign minister has been made the scapegoat for his doctrines.

But nothing tops the incident involving Justice Minister Ove Rainer and his millions.

When Ove Rainer ran the gauntlet it was a brief distance compared to the marathon Ola Ullsten had to run before he was dismissed as Liberal Party leader. In that comparison Ove Rainer has no reason to complain about the recklessness of the press, more specifically of AFTONBLADET.

And yet, Palme should long before have drawn the conclusions from Rainer's tax dealings. It is difficult to understand why Rainer should publicly account for his financial circumstances, if the head of the government was not prepared to come to his defense anyway, as in the case of Roine Carlsson.

Tragedy

The outcome was given as soon as Rainer had made his document public and Palme had withdrawn to the parliamentary dining room without expressing public support.

There only remained to make the retreat as tasteful as possible. Naturally, Rainer asked to resign; he had no other choice.

Rainer's tax dealings are a tragedy not only for himself, but for Olof Palme as well.

The resignation was such a blow to Olof Palme that he stopped loving the mass media, which says a great deal.

In the future it would be best to obtain credit reports for future cabinet members--non-socialist as well as Social Democratic. Winning lotteries and being a good tennis player is permitted, but not making money on the stock exchange.

11949

CSO: 3650/46

IMPACT OF PASOK IDEOLOGY ON GREEK NATO COMMITMENT

Paris POLITIQUE INTERNATIONALE in French Aug 83 pp 217-229

[Article by Ilios Yannakakis: "Greece and NATO: Dissolution or Adhesion?" A former professor at Olomouc and Prague Universities, Ilios Yannakakis took an active part in the Prague Spring. He left Czechoslovakia in 1968 and took refuge in France, where he taught at the University of Lille III. An historian and expert on international issues and the international communist movement, he has published numerous studies on these subjects, including: "The Technology of Repression" in "Systeme communiste, un monde en expansion" [The Communist System, an Expanding World], published by IFRI [French Institute for International Relations], 1982; "History of Eastern Countries after the Death of Stalin" in "Dictionnaire d'Histoire" [Dictionary of History], published by CAL [expansion unknown], 1971.]

[Text] Is socialist Greece conducting a foreign policy in keeping with the stated principles of its prime minister and head of PASOK, Mr Andreas Papandreou?

This question would seem odd if Mr Papandreou's ostentatious speeches, declarations and positions, both before and after his election victory, did not contradict a foreign policy which is disconcerting for an attentive observer of Greek reality. Moreover, a reading of press publications confirms the impression of a gap between the ideological cliches, Manichean views and excessive oversimplifications so characteristic of Greek political arguments on one hand and, on the other, a certain amount of pragmatism in the handling of foreign affairs, although certainly not without ambiguities.

This observation raises a series of questions which are difficult to answer without considering the factor of the mentality and ideological perception of a large part of the Greek public. Thus we could ask whether the foreign policy of socialist Greece is not actually dependent on PASOK's ideological requirements and whether, therefore, the prime minister does not find himself obliged, almost in spite of himself, to satisfy an electorate that is particularly sensitive to everything which "threatens" national unity. Doesn't the undeniably confused appearance of this policy also reflect the immoderate ambitions of the "change" (PASOK's main recurrent watchword), which heralded a radical reconsideration of the foreign policy followed by prior governments and which promised to ultimately assure "the complete independence of Greece from foreign powers"?

In other words, does the will for "change" displayed by PASOK and the government mean that Greece, in the name of its "complete independence," is in the process of making a dramatic shift in foreign policy? Does it mean that Athens is determined to bring about a genuine disruption of traditional alliances, with unforeseeable consequences for the stability of the eastern Mediterranean? Or despite appearances, is it not a matter of only "cosmetic" adjustments which concern the form rather than the content of these alliances?

Reference Points in the System of Ideological Perception

Throughout their history, the Greeks have internalized, psychologically and ideologically, the feeling that their country's destiny is linked to the interests of a great foreign power: Great Britain prior to 1950 and the United States since then.

Rightly or wrongly, the vicissitudes of political life (particularly since World War II) and the bloody defeat of the resistance led by the National Liberation Front (which wanted to establish a leftist regime in 1944) have pushed to an extreme the idea that Greece is a dependent country, manipulated by the U.S. "demon." Since that time, entire generations have been marked by the ideology of "diabolical causality," which underlies and determines the view which they have of their country's foreign policy. In random fashion, it is sometimes the State Department and CIA or sometimes the Pentagon and NATO which dictate to the government the policy to be followed. Far from seeming ridiculous, this "diabolical causality" is invariably found at the heart of the political argument of the left and even, in a different form, of a certain right-wing faction.

On the other hand, and also for historical reasons, Russophilia, which has become Sovietophilia, still persists in a sizable fringe of the population, despite the marks--which are also becoming blurred--of the civil war (1947-49) and the adventuristic policy which the KKE followed on Moscow's orders in the 1940's and 1950's. In contrast to the U.S. "demon," the Soviet Union, even today, is looked on as a peaceloving power with no strategic designs on Greece.

The precipitous economic development of Greece starting in the 1960's in no way changed the core of this ideological perception. During those years, combined contradictory factors strengthened the common feeling of Greek "dependence" on U.S. power.

Growing chaotic urbanization (about one-fourth of the population lives in Athens) destabilized traditional population balances; the immigration of tens of thousands of Greeks to northern Europe "relieved" population pressure on the country and contributed to its enrichment through the foreign exchange coming into Greece; the rapid rise in the standard of living enabled massive numbers of the younger generations to attend secondary schools and universities and, since the acceptance capacity of the universities was considerably limited at the time, tens of thousands of students studied in Europe, particularly Italy.

An historical coincidence: thousands of young Greeks without any cultural background were spreading out into European universities at the very time that Third-Worldist and neo-paleo-Marxist ideologies were flourishing, and also at the time that the coup d'etat of the colonels (1967), by establishing a dictatorship, blocked cultural and political development by polarizing ideological positions and passions.

If the regime of the colonels had no major effect on the economic development which raised Greece up to a European standard, on the other hand it paradoxically encouraged, by abolishing liberties, the spread of a political subculture, a popularizing mixture of every ideology that was fashionable in Europe in the 1960's and 1970's. And this political subculture nurtured the movement of resistance to the dictatorship.

If the invasion of Cyprus by Turkish forces, following the coup d'etat fomented by the colonels of Athens with the aim of eliminating Archbishop Makarios, sounded the death knell of the dictatorship, it also aggravated public opinion's anti-American sentiment. The "ideological equation," Turkey = NATO = United States = U.S. bases in Greece, became the recurrent theme on which the political and ideological argument of the left, but also of the moderate right, hinged following the fall of the colonels (1974). Moreover, the ground in which PASOK's nationalistic and socialist-Third-Worldist ideology took root was already fertile enough for this developing party to rapidly become the force most representative of the sociological and ideological changes to which the generations of the 1960's and 1970's were subject (generations which formed PASOK's electoral base and militant infrastructure).

From the Fall of the Colonels to PASOK's Election Victory

The establishment of democracy in Greece in 1974 drastically changed the political scene. The Party of the Center split apart and disappeared; New Democracy was established around the strong figure of Mr Constantine Karamanlis, bringing together the traditional and moderate right and the centrists in search of a party; the EDA (the major procommunist leftist party from the period preceding the dictatorship) was reduced to the status of a small group, while the two communist parties, one called the "external" pro-Moscow party and the other called the "internal" party, were legalized; PASOK, a party-movement, was established around the charismatic figure of A. Papandreou and drew into its ranks all those who identified neither with the two communist parties nor with New Democracy. The argument for change, which successfully spread through Greek society, was forged in this ideological "Spanish inn" that was PASOK.

In the postdictatorship climate, Turkey's expansionist aims--whether presumed or real--represented a new deal in Greek political life. Turkey polarized Greek neonationalism, made it worse and thus caused an almost total rejection among the public of any form of U.S. presence on Greek soil.

In the case of foreign policy, the government of Mr Karamanlis reconsidered Greek membership in the unified NATO command and favored a pro-European policy by making his country a member of the EEC. At the same time, Mr Karamanlis

normalized Greek relations with the country's northern neighbors: Bulgaria, Yugoslavia, Romania. Relations with the USSR improved notably, although they had not deteriorated at all under the regime of the colonels. As for the question of Cyprus, it slipped away from the Greek diplomatic sphere more and more, nolens volens, becoming bogged down in Cypriot intercommunity negotiations.

Taking the opposite position of the government's foreign policy, the head of PASOK then advocated "complete independence" for Greece, which should withdraw from any military-political alignment (NATO) and from any economic-political alignment (EEC). Moreover, since Greece belonged by nature to the Third World, it should--also according to Mr Papandreou--follow a policy of strict neutrality and demonstrate its constant hostility to the arms race.

Of course, these maximalist and sharp declarations were softened (and even qualified) according to the circumstances, with Mr Papandreou reserving for himself the role of "modulator" of the language. Whatever the case, at that time it was already difficult to discern the actual intentions contained in the preelection argument of a nationalistic and deeply anti-American left. However--and this fact is less well known--a strategy of disruption was formulated by a group of Mr Papandreou's advisers (whom we will arbitrarily call "Third-Worldists" in contrast to the "Europeans"--who initially did not have the favor of the tight circle of PASOK leaders).

In the view of the "Third-Worldists," the new socialist diplomacy should favor the Athens-Damascus-Tripoli-Larnaca axis. Was this policy inspired by Tripoli, since Libya was the financial backer of PASOK and Mr Passalides' Cypriot Socialist Party (which has never been denied even to this day)? Nothing enables us to say so definitely. However, PASOK established close contacts with the PLO, Syria and the Arab "Front of Rejection," considered genuinely anti-imperialist and anti-American.

In the view of adherents of this "Third-Worldist" policy among PASOK's leadership, Greece, by withdrawing from Europe and NATO, would establish itself as part of the Middle East's anti-imperialist camp, whose pivotal point is Syria. It seemed especially possible to play the "Syrian card" since Damascus was on the way to achieving its "Greater Syria" plan (occupation of most of Lebanon, tensions and pressures on Jordan, weakening of the PLO following intermittent massacres of "Islamic progressives" and strengthening of pro-Syrian Palestinian factions, etc.). But it should also be pointed out that as part of this Greater Syria plan, Damascus sought to include--as Ba'athists leaders themselves admitted--the area of Iskenderun in southwestern Turkey. Consequently, if such a goal were achieved, Damascus, a protected ally of the Soviet Union, could at any time, under favorable circumstances, exert strong pressures on Turkey, the victim of internal destabilization due to terrorism. The United States and NATO, fearing an explosion of the Arab-Israeli conflict, would then in turn exert pressure on Ankara so that the Greek-Turkish dispute would be settled as quickly as possible and so that a solution to the thorny problem of Cyprus could be found at the same time.

In such a situation, which, far from being improbable, seemed on the contrary to be taking shape, Mr Papandreou's socialist Greece would have won "across

the board": settlement of the Greek-Turkish dispute, plausible withdrawal of Turkish forces from Cyprus, negotiation from a position of strength in regard to U.S. bases in Greece, the "dominant" role of Greece in the eastern Mediterranean--a Greece which could thus arbitrate the Middle East conflict. This strategy proposed by PASOK's "Third-Worldists" was even more attractive since the Greek Socialists, like some of their French counterparts, believed that the Mediterranean would be socialist, anti-imperialist and free of any U.S. presence in the near future.

But this diplomatic orientation, which was risky overall, disturbed the Greek Army, which Mr Papandreou was nevertheless obliged to reassure in order to obtain its neutrality, or even its support, for the sake of an election victory without risk to democracy.

The "Third-Worldists" were thus gradually overruled to the advantage of the "Europeans," who were more pragmatic in foreign policy. But PASOK did not break off the close contacts which it had established with Damascus, the PLO and Tripoli.

PASOK's Election Victory and the Socialist Government's Foreign Policy

It was a coincidence of the calendar rather than a chain reaction, as some people claim, that several months after the left's election victory in France, PASOK won the elections with a comfortable lead over New Democracy. The so-called "external" KKE became the third party in Greece, even if it didn't at all attain the goal which it had set for itself, i.e., 17 percent of the votes. The small political groups were eroded. Mr Papandreou was appointed prime minister by the president of the republic, Constantine Caramanlis.

Although not participating in the government, the KKE pretended to be an objective ally of the new government and obtained important posts for its members in television, radio, ministries and other government institutions.

The leftist press, during the "state of grace" period, demanded the implementation of the election platform, in particular the closing of U.S. bases, the withdrawal of Greece from NATO, and the revision of the conditions of membership in the EEC. A pacifist movement, organized mainly by the Communist Party, developed and called for the dismemberment of NATO in the eastern Mediterranean, in addition to the well-known slogans concerning the Pershing missiles....

However, do the softening of certain maximalist positions in foreign policy, noted during the election campaign, and the "fuzziness" of the prime minister's statements constitute adequate signs which make it possible to speak of a more "realistic" diplomatic shift? It is particularly difficult to answer such a question since Andreas Papandreou's reactions were--let us repeat--totally unpredictable at the time.

In any hypothesis, it must be acknowledged that from 1981 to 1983, socialist Greece was a puzzle regarding the direction it would take in foreign policy, as it zigzagged so much between decidedly anti-Atlantist positions and a cautious attitude toward its traditional allies.

However, if we place what we will call "the policy of guarantees" at the center of socialist Greek diplomacy, it is then seen in a very different light.

The "Policy of Guarantees" and its Failure

On 27 October 1981, just a few days after his election victory, Mr Papandreou, in an interview granted to American television, while affirming that the Greek Government would make no unilateral decision concerning relations with NATO and the status of U.S. bases, nevertheless defined the context of future negotiations:

"In the case of the Atlantic Alliance, we in Greece are faced with a unique problem not found in any other European member country of the alliance. Paradoxically, through a kind of ironic twist of history, we feel threatened in the east by an allied country, Turkey. One of the greatest problems of Greek defense in the last 7 years has been the acquisition of necessary resources in the event that Turkey, by going from words to actions, should decide to impose its demands.... Turkey is demanding half of the Aegean Sea, its air space and its continental shelf, in contradiction to the international treaties which define our borders with Turkey with great accuracy.... The refusal of the Atlantic Alliance to guarantee our eastern borders is unique, astonishing and strange. It protects them only in the north. But there is no visible threat from the north, whereas for the last 7 years we have had several problems with Turkey: it has violated our air space, our continental shelf, and its leaders, Messrs Ecevit, Demirel, Koroturk and Evren--but I must admit, Mr Evren less than the others--have submitted demands concerning what we consider to be the space of our national sovereignty. Because we belong to the NATO military command, we are naturally obliged to turn our eyes to the north, that is, to face the threat from the Warsaw Pact. This situation, of course, deprives us of resources which are essential to the defense of our eastern borders. And as I have previously stated, we are capable of conducting one local war, but not two....

"... What we all want, what the entire Greek people want, is a guarantee for our eastern borders. Strangely, I repeat, the Atlantic Alliance is not willing to provide this...."

In answering a journalist's question, Mr Papandreou insistently continued with the formula of "guarantees"... "The U.S. Government," he said, "is the key, the key factor in the Atlantic Alliance; it would only need to make a simple statement affirming that the borders of Greece are guaranteed against any threat, regardless of its origin...."

In another part of the interview, he stressed two aspects of his policy concerning NATO:

"... We would like to have access to all information and to have complete control in order to avoid two things: on one hand, the launching of a military operation from Greek territory against a third country with which we are on good terms. Secondly, we want to be certain that the information gathered by U.S. bases (and two of them are essentially information-collecting centers) is not turned over to our ally, Turkey. That would possibly weaken our defense potential...."

Addressing the U.S. Government indirectly, Mr Papandreou stated:

"We want to maintain good relations with the Eastern bloc and we believe we do have good relations with it.... In our view, Greece is part of the Balkans, Europe and the Mediterranean. And we believe that our foreign policy should integrate these three dimensions at the same time...."

These statements, decidedly less strident than his election promises, nevertheless contain the barely veiled threat of Greek withdrawal from NATO if allied countries did not guarantee the country's eastern borders. To put it plainly, Greek foreign policy set for itself the primary goal of obtaining from the European Community, NATO member countries and, in particular, from the United States an unequivocal position in favor of Greece in its dispute with Turkey, with the latter necessarily being designated as a possible aggressor. Moreover, by involving the Atlantic Alliance in the Greek-Turkish "conflict," Mr Papandreou's socialist government demonstrated to the public that it was capable of negotiating on an equal footing with the U.S. power, from a position of strength and in an "anti-imperialistic" spirit.

Patently disregarding the arcana of Soviet policy, but assured of the KKE's support, Mr Papandreou sought support among the Balkan countries of the Soviet bloc at the same time. His plan of creating a nuclear-free zone in the Balkans can only be interpreted as a "signal" sent in two directions: to Moscow and to Washington. To Moscow, it suggested that Athens expected from Bulgaria and Romania, Soviet allies, a demonstration of support for the policy of "guarantees" for the eastern borders of Greece; in return, Greece would harden its positions within NATO, which would be advantageous to Moscow.

The "signal" sent to Washington meant that Greece was prepared to reverse its alliances if the United States did not exert full pressure on Turkey so that it would settle its dispute with Athens as quickly as possible.

But the Greek "plan" to make the Balkans a nuclear-free zone is considered dangerous by Yugoslavia, inasmuch as a weakening of NATO, or its dismantling in the region, would leave Yugoslavia without protection against the Soviet Union and irredentist Bulgaria. Moreover, Belgrade has no illusions about the "autonomy" of Bulgaria and even of Romania in military matters and foreign policy. The Yugoslav Government also did not fail to express its lack of interest in such a "plan."

Furthermore, both Bulgaria and Romania are in the process of substantially increasing their economic cooperation with Turkey as part of a "vast Balkan understanding" and are thus avoiding taking sides in the Greek-Turkish dispute.

Nevertheless, despite his setbacks, Mr Papandreou persisted in his quest for "guarantees" for the eastern borders of Greece by further opening up to the Eastern bloc. The astonishing weak response of Greece to the events in Poland in December 1981, its refusal to participate in the economic sanctions approved by the Western countries, Mr Papandreou's scheduled official visit to Warsaw a few months after a "state of war" was declared are only the expression of a rapprochement with Moscow.

And yet in both Eastern and Western Europe, the "policy of guarantees" suffered only defeats: no country wants to become involved in the Greek-Turkish dispute. In addition, the threat of a Greek-Turkish military conflict appears from all evidence--and quite reasonably--not only exaggerated but highly unlikely in a zone so sensitive and closely "watched" by the superpowers.

The Impasse of Greek Foreign Policy

From October 1981 to the present time, the socialist Greek Government has not achieved any of its goals.

In a country in which ideology has a special place, without any equivalent to what this term means in Western countries, and where the objective press is read relatively little, whereas newspapers with an ideological orientation have large circulations, the leftist electorate exerts excessive influence on the government's domestic and foreign policy. Which means that any revision or return to pragmatism in any area of these policies runs the risk of causing serious reactions. Within this relatively short period, PASOK's left wing allied with the KKE, on one hand, and the KKE by itself on the other have organized a broad pacifist movement directed against the United States and NATO. Anti-Americanism has dominated the language of the left more than ever.

We might note that the opposition--New Democracy--has not yet managed to recover from its election setback or to acquire politicians capable of taking over from the old guard.

Among the public, however, the psychosis of a war with Turkey has subsided considerably; Greek membership in the EEC no longer seems to be questioned, neither by PASOK nor the Greek Government; on the contrary, the European concept is winning converts especially fast since broad sectors of agriculture are receiving EEC aid.

The war in Lebanon was an opportunity for Athens to play a role, although limited to be sure, in settling the conflict--at least this was Mr Papandreu's intention. But the diplomatic isolation of Greece--following 2 years of ambiguities, wavering indecision and untimely and often contradictory statements--resulted in a lack of credibility of Greek proposals for dispatching a military force to Beirut. And the anti-Israeli policy of the socialist Greek Government also discredited its mediative pretensions. Better still: Mr Papandreu received with great ceremony Yasser Arafat, who stopped off in Athens on his way to Tunis. In short, despite official denials, the capital of Greece has become a veritable "rear base" for several Palestinian organizations.

The Turning Point in Greek Foreign Policy

With the "policy of guarantees" a failure, the Greek Government was left with no alternative except to revise its relations with NATO in a spirit of conciliation. The focal point of these relations consisted in renegotiating the status of U.S. bases.

In the spring of 1983, the United States decided to continue the "ratio of 7 to 10" in the volume of military aid respectively granted to Greece and to Turkey, which raised a major obstacle for renegotiation of those military bases. Actually, at that very time there was no doubt that the U.S. bases would be kept open following an agreement between Washington and the socialist Greek Government for a duration covering the present legislature.

If the negotiations have lasted 9 months, it is simply because the socialist government found itself obliged to prepare public opinion for such an agreement and at the same time sought to show that it was negotiating with Washington from a position of strength.

What should be emphasized is that among PASOK's leadership itself, differences have been stifled and almost nothing has leaked out of that tight circle. Several deputy ministers have submitted their resignations for vague reasons which, at least from appearances, had nothing to do with foreign policy. The KKE, harshly attacked by Mr Papandreu for the first time during the plenary session of PASOK's Executive Committee in July, has restricted itself to declarations of principle; no pacifist demonstration of any size has disturbed the public order.

Despite some bellicose statements by Athens and Ankara, Greek-Turkish relations are improving substantially in several areas.

Have Mr Papandreu and the socialist Greek Government chosen the path of appeasement in the case of Greek-Turkish and Greek-U.S. relations? Is the Greek prime minister, after 2 years of a disconcerting foreign policy, returning to a pragmatic and realistic policy concerning the region's stability? To state it plainly, does he sincerely accept, in the eastern Mediterranean, the presence of NATO forces, which guarantee the sovereignty of Greece?

The agreements for the continued operation of U.S. bases seem to confirm the turning point in Greek foreign policy.

The United States has also shown a better understanding of both internal and external Greek problems and with regard to the two turbulent allies, Greece and Turkey, has succeeded in maintaining a balance which respects the sensibilities of both.

NATO forces in the eastern Mediterranean have undeniably been strengthened by these agreements and considering the fact that Spain and Portugal, at the other end of the Mediterranean, are moving in the same direction, it can be said that the Atlantic Alliance as a whole has maintained its cohesion.

Finally, without trying to prejudge the future, it appears that the Greek pacifist movement is entering a stage of decline, which considerably weakens the KKE and PASOK's hard-liners, with all its ensuing effects on foreign policy....

11915

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MILITARY BUDGET CHIEF SAYS DEFENSE DISMANTLING MUST STOP

Stockholm SVENSKA DAGBLADET in Swedish 28 Sep 83 p 6

[Article by Sune Olofson]

[Text] "The Armed Forces have been under pressure for a long time. It is not possible to continue dismantling them at this pace." So says Bengt Gustafsson, department head in the Ministry of Defense.

He is head of the budget and planning section. In April he will become commanding general of Upper Norrland. Bengt Gustafsson has been mentioned in the press as a possible successor to Lennart Ljung, the current OB [supreme commander of the Swedish Armed Forces].

He says: "It is tough work planning only for cutbacks. It would have been much more stimulating and constructive to be able to create something new--something that would improve and develop the Swedish Armed Forces."

OB Lennart Ljung has said in his schedule that he is short 4.5 billion kronor for the period from 1982 to 1987.

Bengt Gustafsson says: "I share that opinion. It is difficult now to live up to the 1982 defense decision."

"Bad Sign"

Minister of Defense Anders Thunborg said in a speech in Nynashamn on Monday: "There has been talk in some quarters to the effect that Swedish security and defense policy is on the verge of collapse. Those claims have sometimes taken on hysterical overtones that I consider a bad sign."

In the nonsocialist government's retrenchment bill, it was noted that the Armed Forces had been cut back by 6 percent over a 15-year period, while schools and social welfare, for example, had expanded by 250 percent.

Bengt Gustafsson says: "Those are political judgments, of course, and they will have to be settled by the politicians in Parliament."

Gustafsson confirms that Sweden's Armed Forces are having to face new restrictions.

"It is inevitable, of course, that there will be cutbacks in the peacetime organization."

How is the government going to manage the JAS project?

"There are a number of steps we can take: rationalization within the army and air force, a longer service life for existing systems, and fewer units in the wartime organization. We must also ask ourselves how many JAS squadrons we are in fact going to wind up with. If we are going to procure new aircraft systems, we must be ready to reevaluate the old ones."

"We may find that the JAS will replace older aircraft types to some extent."

In an article in DAGENS NYHETER's debate column on Tuesday, Air Force Chief of Staff Sven-Olof Olson warned against further cutbacks in air defense.

He wrote: "A deliberate scaling down of the Armed Forces' antisubmarine capability began in the 1960's as a result of the defense decisions that had been made. In the past few years, we have been more or less prodded into having misgivings about it. I hope my warning concerning air defense will prevent us from winding up in a similar situation in the future in this area as well. If we cannot cope with incidents in peacetime and resist air attacks in wartime, the result may be devastating for our entire country."

Bengt Gustafsson mentioned the committee on military service:

"One of its jobs is to take a look at questions of preparedness. At the moment, that concerns submarines. In the future, it may be a matter of other kinds of intrusions."

Halt to Procurement

SVENSKA DAGBLADET has learned that the OB's efforts are directed primarily at solving those problems from within the Armed Forces. A committee report now might halt procurement, and that is the last thing the Armed Forces want at this point.

Bengt Gustafsson says he has never been asked whether he wants to be the next OB. He also says that he has no ambitions in terms of party politics.

"After a military man passes a certain level, he should not have a political profile. There are few black-and-white solutions to today's problems. If one has a strong ideological passion, it is easy to get caught in the political coloring one advocates."

We asked if this meant he was leveling a degree of criticism at Army Chief of Staff Nils Skold.

"The answer is yes."

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CSO: 3650/18

PAPER AGREES WITH DEFENSE CHIEF LJUNG ON NEED FOR MORE FUNDS

Stockholm SVENSKA DAGBLADET in Swedish 28 Sep 83 p 2

[Editorial: "Warning From OB"]

[Text] If last year's defense decision is to be carried out, the Armed Forces must be given an additional 1.5 billion kronor per year, according to the military defense schedule that was presented by the OB [supreme commander of the Swedish Armed Forces] on Tuesday. The OB says: "Continued planning in the current financial circumstances will have sizable negative effects on our defense effectiveness." He continues: "Forced changes may be of such an order of magnitude and occur so quickly that they will lead to serious consequences as regards the credibility of the Armed Forces both inside and outside the country."

Those statements by the supreme commander should be viewed against the background of the fact that Sweden is in its most sensitive and serious security situation since World War II. The submarine intrusions are evidence that the security situation has changed. Our own territory is being continually affected by a foreign country's operations. The intrusions are one element in a string of events stretching over a number of years.

The minister of defense views the intrusions "as part of a larger, Scandinavian pattern in which we know that for several years, surveillance and monitoring activities have been increasing in both intensity and scope."

According to that same statement by the minister of defense--it was made as recently as last Monday--the changed situation is of direct importance as regards the danger of war for our country: "If--if--a conflict between the superpowers breaks out in Europe, it is probable that the Nordic area--and perhaps even Sweden--will be affected at an early stage, perhaps sooner than we have thought so far."

It goes without saying that this security situation does not permit the abandonment of last year's defense decision that the OB's schedule sheds light on and tries to straighten out. The situation justifies a purposeful and well-balanced strengthening of the Armed Forces--not aimless and unreflecting disarmament.

The air force is the service facing the biggest problem as a consequence of the reduced allocation of funds to the Armed Forces. Over the coming 10-year period,

an additional 4 billion kronor will be needed if the intentions behind the defense decision are to be carried out. What this means in plain language is that the conditions really do not exist for keeping both the large-scale system of military service and the heavy investment in a modern air force. If the economic constraints that have now arisen had existed a year ago, the defense decision would have been different. Either the system of military service or the air force would have been reexamined.

The minister of defense obviously does not feel that that part of the defense decision should be reexamined. In general, both military service and the air force are to be organized as provided in last year's defense decision. The minister of defense talks about "our resolute concentration on the JAS system" and compulsory military service as a "cornerstone of defense."

Anders Thunborg also says that "the government will provide all the necessary funds so that--both inside and outside the country"--the goal behind our defense force will be "credible." He is thus being obliging in advance to the OB, who says expressly that the hole in defense appropriations is having serious consequences precisely as regards credibility.

The statements made by Anders Thunborg the day before the OB's presentation of the schedule are binding. He will now have to abide by them in the drafting of the retrenchment bills and the budget bill. The minister of defense deserves full support. If the government reads the Swedish people's attitude correctly, it will find strong support for a responsible defense policy.

There is wide support for the Armed Forces among the Swedish people. It should therefore be possible to express that support in Parliament's decision concerning appropriations for the Armed Forces.

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CSO: 3650/18

DEFENSE STAFF PLANNING CHIEF WARNS OF BUDGET CUT EFFECTS

Stockholm SVENSKA DAGBLADET in Swedish 28 Sep 83 p 6

[Article by Erik Liden]

[Text] "Under the current appropriation, there is no longer room in the Armed Forces for both total compulsory military service and the JAS Gripen aircraft. We are over 4.5 billion kronor short of what we need for carrying out the 1982 defense decision.

"If we had known what we know now, Parliament would not have been able in 1982 to approve both compulsory military service and a new fighter plane," said Maj Gen Lars-Bertil Persson, Defense Staff planning chief, on Tuesday as he presented the OB's [supreme commander of the Swedish Armed Forces'] 5-year schedule covering the years from 1984 through 1989.

As SVENSKA DAGBLADET reported last Saturday, OB Lennart Ljung was also forced to reject the air force's planning documentation, which was over budget through 1994 by 4 billion kronor. Air Force Chief of Staff Sven-Olof Olson will simply have to submit a new schedule to the OB on 1 November.

Not until 1 December will the OB submit his complete schedule to the government, which will probably not have time to include it in the budget bill. Instead, it will probably submit a special defense bill in March 1984.

General Persson remarked during a press conference that the 1982 defense decision has been rendered meaningless in principle but that the OB will not request the appointment of a new committee on national defense. With today's planning bureaucracy, the only result of such a committee would be that the 1987 defense decision could be adopted a year earlier--that is, in 1986.

In the OB's judgment, the annual shortfall amounts to 350 million kronor for the army, 150 million kronor for the navy, and 900 million kronor for the air force in terms of what they are supposed to accomplish under the 1982 defense decision. The OB is therefore requesting an additional annual appropriation of 1.5 billion kronor until 1987 to make up for the years that have been lost.

Military planning experts did not want to state an opinion as to whether the politicians would provide an extra appropriation, but if the credibility of

the security policy is not to be completely undermined, more money is an absolute necessity, said Persson.

The OB says in his schedule that while the rest of the world is arming, the process of undermining the Swedish Armed Forces is continuing at an accelerated pace. Extensive cutbacks in the defense organization are having to be made now, and the OB expresses deep concern over the rest of the world's reaction to the disarmament that is occurring at the same time that more and more submarine intrusions are being reported around our coasts.

The measures that the OB has been forced to propose include the early elimination of the air force's three Draken squadrons, cutbacks in the JAS project to provide money for other air force needs, a drastic cutback in the navy on the west coast, and the postponement of several important materiel projects in the army.

Jobs Will Disappear

In the OB's judgment, declining employment in the defense industry and cutbacks in new construction will eventually result in the disappearance of 4,500 jobs in industry.

The OB also reports that 472 employees who should have been laid off this year according to the 1982 defense decision have not been. It is also difficult to carry out other economy measures completely. If the retrenchment goals are not met, finances will grow worse over the next few years.

Military refresher training is being cut back in all the services by a total of about 10,000 callups per year.

The OB says in his covering letter to the government that the security situation has deteriorated and that the need for a defense force of at least the strength called for by Parliament in 1982 still exists if Sweden's security policy is to be backed up in the way that the government considered necessary in 1982.

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SCHOLAR COMMENTS ON VALIDITY OF ANNUAL DEFENSE-WILL POLL

Stockholm SVENSKA DAGBLADET in Swedish 28 Sep 83 p 6

[Article by Omar Magnegard]

[Text] What is the will to resist an aggressor? And is it being measured correctly?

Those questions are taken up by Klas Borell of Sodertalje in a paper submitted recently for three units of academic credit at the Stockholm Institute of Sociology. In his paper, he examines the annual opinion polls that the Psychological Defense Planning Committee has been conducting since 1955.

Twice a year, about 1,000 people between the ages of 15 and 74 are asked this question by SIFO [Swedish Institute for Public Opinion Polls]: "Assume that Sweden is being attacked. Do you feel that we should offer armed resistance even if the outcome for us seems uncertain?"

Most people answer yes.

Following the events in Poland and Afghanistan and the submarine intrusions, 80 percent of those polled in the latest survey said yes. The figure has not been that high since the Hungarian Revolt in 1956.

Klas Borell points out that the will to resist does not always increase in times of international tension or when dramatic isolated events occur. As an example, he cites Czechoslovakia in 1968. On that occasion, the Swedish will to resist declined instead of increasing. The reason may have been a feeling by many people that the invasion was not significant as far as Sweden's security was concerned--that what was happening in Prague was an "internal" matter within the Soviet sphere of influence.

Klas Borell's conclusion is that "the will to resist seems to be influenced more by the overall course of international events than by isolated incidents. From 1969 to 1978, when, of course, we were in a period of relative detente, the will to resist declined. But it increased from 1979 to 1982 as antagonisms between the superpowers increased."

Klas Borell's chief objection to the polls in question is that the conditions in which such resistance is the issue are not made clear. Those asked to respond are not told whether the attack on Sweden is conventional or nuclear.

A supplementary question concerning the will to resist an aggressor threatening to use nuclear weapons was included in the polls until 1974. When that alternative was presented, the will to resist dropped by almost half among those polled.

Kurt Tornqvist, research secretary for the Psychological Defense Planning Committee, explained to SVENSKA DAGBLADET: "The question was dropped because the nuclear alternative was not considered realistic." So the guidelines from the authorities made no allowance for a nuclear attack on Sweden.

Both in Parliament and in the government, there is a clearly expressed intention that the results of the polls be used for anticipating the population's "reactions" in a crisis situation. According to Klas Borell, that is impossible. Quite simply, it is not possible in a time of profound peace to draw any conclusions from polls as to a nation's will to resist in an emergency situation or concerning the fighting spirit of the troops in a war situation.

Sweden is alone in conducting this type of poll concerning the will to resist on a regular basis (the next poll is scheduled for December).

Kurt Tornqvist says: "Klas Borell's views are valuable, but they are not likely to bring about any changes on our part."

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CSO: 3650/18

ECONOMIC DEFENSE AGENCY RECOMMENDS CUTTING OIL RESERVES

Stockholm DAGENS NYHETER in Swedish 15 Oct 83 p 9

[Article by Christer Nilsson]

[Text] "We should cut our oil reserves by 25 percent," according to the Agency for Economic Defense (OEF), which is in charge of the present oil reserve program. This recommendation is valid until 1986.

"It is our opinion that oil reserves in this country should be cut by about 25 percent," said Gunnar Nordbeck, director general of the OEF.

We have an emergency oil reserve of about 1.5 million cubic meters, which are no longer needed. This means that our trade balance might be credited with a lump sum of 2 billion kronor if OEF has its way.

Oil consumption in Sweden declined by 28.4 percent from 1978 to 1982.

A change in economic conditions, the transition to coal and more effective use of energy are some of the reasons for the decline.

In the opinion of OEF, oil reserves should be divided evenly between the state and industry.

Required Oil Reserves

Oil companies and industry on the average are required to maintain an emergency oil reserve of about 25 percent of their sales.

The total oil reserve figure for the country as a whole is a secret.

OEF wants oil companies to maintain a greater reserve of refined products so that it can concentrate on crude oil reserves.

OEF's refined oil product reserves stored in mountain chambers have been affected by bacteria formation (see article below).

OEF distinguishes between peace reserves and isolation oil reserves.

Peace oil reserves are designed to cover 90 days' normal use, while the isolation reserves will cover about 1 year's consumption in the event of a European war and Sweden remaining neutral.

Oil consumption would be subject to state regulation in both instances. In addition to these contingencies, Sweden also maintains war oil reserves.

In a few months, the agency will submit final figures with respect to the projected oil reserve needs until 1986/87. The government will then consider OEF's proposal.

Bacteria Destroy Gasoline

Bacteria formation in jet fuel has forced OEF to move this fuel from two mountain storage chambers into tanks.

Jet fuel stored in mountain chambers rests on a bed of water. Bacteria form in the stratum between the water and the fuel, turning sulfate into sulfur dioxide, which mixes with the jet fuel.

Fuel contaminated with sulfur dioxide adversely affect certain jet engine parts. Contaminated fuel is suspected of being the cause of a Dragon plane crash in the late seventies.

OEF, which is responsible for civilian oil reserves, asked the Defense Research Institute (FOA) a few years ago to come up with some methods to get rid of the bacteria.

FOA has not yet succeeded in doing that.

"In order to be on the safe side, we removed the fuel from two mountain storage chambers into tanks. That was done about 1 year ago," said Gunnar Nordbeck, director general of OEF.

The Dragon plane crash led the air force to change its jet fuel storage routine. Since the beginning of the 1980's, the fuel is no longer stored in mountain chambers on beds of water. Instead, the fuel is now stored in steel tanks above and below ground.

Heavy fuel oil stored in mountain chambers on a bed of water has been subject to considerable water absorption, which cannot be removed.

Hence, it may be necessary to empty more mountain storage chambers.

The stipulation for mountain storage is that the product must be sold quickly before it is contaminated by bacteria and water absorption. And that means additional costs, which OEF does not want to assume. The agency itself has a dozen mountain storage chambers and, altogether, there are 20 to 25 such chambers in Sweden.

DEFENSE STAFF DENIES POOR PLANNING REASON FOR FUND PROBLEMS

Stockholm DAGENS NYHETER in Swedish 3 Nov 83 p 6

[Article by Anita Sjoblom]

[Text] Defense staff members reject the allegation that poor planning is the reason for insufficient defense funds.

According to one report, surplus planning, underestimating costs and too few reserves are the reasons for half of the Defense Department's shortfall of 4 1/2 billion kronor over the next 3 years. This report was submitted by Gunnar Petri, director general of the Defense Rationalization Institute, in response to defense staff remarks that there would be a shortfall of 4 1/2 billion kronor over the next 3 years. The air force's share of this deficit will be 1/2 billion kronor annually.

Defense staff members are of the opinion that the shortfall is due to the strong dollar, last fall's devaluation, an increase in the Value Added Tax (VAT), the lack of compensation for higher prices and the fact that the Social Democratic government cut the defense budget by 200 million kronor annually.

Surplus Planning

Gunnar Petri reports that only half of the 4 1/2 billion kronor shortfall can be attributed to external circumstances, like the devaluation and the strong dollar. Instead, he points to surplus planning, underestimating costs and too few reserve funds as being the reasons for half of the shortfall.

Surplus planning means that orders are exceeding needs and that plans are in excess of what can be effected due to the fact that all orders are not filled and all plans are not executed. The principle can be compared to an airline overbooking a flight since all passengers do not show.

"However, the air force found that all the passengers did show, together with a few extra," said Bo Eriksson, Defense Department information secretary, according to the Swedish Wire Service.

Lieutenant Colonel Rolf Clementson, air force planning chief, admits to surplus planning.

"But that does not mean that all our plans are executed," he said. "Surplus planning means that we draw parallel plans for what might be effected. But that has not led to the shortfall. We have also taken steps to change our plans to existing circumstances as quickly as possible."

Lieutenant Colonel Clementson believes that the devaluation and the strong dollar inevitably have been the villains behind the shortage of funds.

"The 1982 defense budget decided what was to be done. When funds were later allotted to execute these plans, there was a discrepancy between the resources and the costs. We might have been able to handle that, but the devaluation and the strength of the dollar made the situation impossible."

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CSO: 3650/34

DEFENSE MINISTER: RAISING DOUBTS ABOUT NEUTRALITY HARMFUL

Stockholm DAGENS NYHETER in Swedish 28 Oct 83 p 6

[Article by Sven Svensson]

[Text] "Raising doubts about Sweden's policy of neutrality is harmful to the common Nordic interest in peace and stability." This was Defense Minister Anders Thunborg's warning to various security policy commentators last Tuesday when he addressed the annual meeting of the Nation and Defense.

"The comprehensive Nordic cooperation and the common values and interests that unite us are important issues with respect to our security policy as well. It is not in the interest of Nordic stability to make statements that might become self-fulfilling at worst," said Thunborg.

Concert

Thunborg was concerned about the superpowers' growing interest in Swedish territory. He pointed out that it is Sweden's duty to protect its territory by any means available against infringing submarines.

"Sweden's active foreign policy must be viewed in light of the early sixties when our security policy was based on stable conditions," Thunborg continued. "There has been an expansion in world trade, the Swedish community has become internationalized and the indignation over apartheid politics and the war in Vietnam have changed an entire generation's view of the world. The Nordic countries have now become more interesting from a strategic point of view. No security policy worth its name can be successful without a healthy economy and a healthy national budget. Growing unemployment and social spending would undermine the very foundation of our security policy.

"The problems we face with respect to the economy and our defense policy call for concert, not confrontation. The government's aim is to try to solve the economic and organizational problems associated with defense by means of the broadest possible political agreement," said Thunborg.

With that in mind, Thunborg was pleased that all parties represented on the parliamentary Defense Committee had agreed to the establishment of a working committee for the purpose of reaching a joint agreement on the budget request for defense next spring.

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CSO: 3650/34

BRIEFS

BOFORS GETS TANK ENGINE CONTRACT--Bofors signed a contract with the Defense Department last Thursday for delivery of new S-tank engines, among other things. The contract is valued at 370 million kronor and will provide work for 200 Bofors plant employees over the next 4 years. The new engine is equipped with a fully automatic transmission, which will improve the tank's mobility and dependability. [Text] [Stockholm DAGENS NYHETER in Swedish 20 Oct 83 p 8] 8952

CSO: 3650/34

PROGRAM TO PROMOTE FOUNDING OF NEW COMPANIES

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 28 Oct 83 p 12

[Article by Otto Schlecht, Secretary of State in the Federal Ministry of Economics: "Bonn Rewards Courage in Founding Businesses; Support Program is to Get a Wave of Business Starts Going"]

[Text] The market economy's ability to function depends decisively on a sufficient number of newly founded enterprises. New enterprises bring new ideas and impetus to competition, keeping it lively and able to function, and prevent rigidity and encrustation.

Innovative founding of enterprises is of particular importance. This is because more competitive jobs require that we master modern technologies in the broadest sense and be able to convert this mastery rapidly into new and better products, and into cost savings in production. Early mastery and economic use of modern technologies are decisive conditions for preserving our international competitiveness.

New business starts are particularly important in the present job market, with its decrease in the self-employment resulting and high insolvency rate. The impetus to growth and employment resulting from the founding of enterprises is indispensable for attaining the economic policy objectives of the Federal Government. For this reason it wants to produce an extensive wave of business starts and has therefore assigned high status to the support of business starts within the framework of economic policy. For effective support it is necessary to have, first, good basic data and, second, special support resolutions for business founders. The Federal Government therefore is endeavoring to see to it that effort again becomes worthwhile, that self-employed entrepreneurial activity again brings satisfaction and is not throttled by bureaucratic hindrances, administrative burdens and capital asset jeopardizing taxes. In this connection we can mention tax policy measures of the Federal Government from fall 1982 to mid-1983 which brought small and medium size enterprises considerable relief from taxes unrelated to return.

For instance, some bureaucratic regulations really make life miserable for founders of businesses. The number of these instructions has risen considerably in the last few decades, with the result that many founders throw in the towel prematurely. All concerned here--government and parliament, professional

associations and trade organizations--must make intensive efforts to restrict new regulations to what is absolutely necessary and to reduce existing ones as much as possible. Success in this area is surely more important and effective in the long term than financial assistance.

Nevertheless, for an effective increase of business starts, special support measures for business founders are also necessary. The Federal Government is contributing through a number of suitable measures, in particular financing and consulting assistance to motivate potential business founders to take the plunge into self-employment and assist them in overcoming initial difficulties. The most important support programs of the Federal Government are the ERP-Business Founding Program and the Personal Capital Assistance Program. In addition, the lenders have support programs for business starts.

Here the Personal Capital Assistance Program occupies an outstanding position, because a lack of personal capital is a considerable hindrance to founding a business. Therefore, through the Personal Capital Assistance Program the Federal Government has created a special support program for surmounting this hindrance by granting low-interest loans similar to personal capital. Risk capital is made available by means of personal capital assistance. The Federal Government improved the conditions of the Personal Capital Assistance Program considerably on 1 January 1983. Since then the demand for this has risen sharply. On the basis of the 1983 demand, it is expected that 8,000 business starts will be supported (3,000 in the previous year).

Within the framework of the Personal Capital Assistance Program, five jobs on average are created or preserved per business start (the Federal Government also supports the takeover of existing concerns). Thus, probably about 40,000 jobs will be created or protected in 1983 by means of the Personal Capital Assistance Program and an investment volume of approximately DM 1.8 billion will be backed. During the remaining period of validity of the program (it ends on 31 December 1986)--assuming unchanged demand--about 160,000 jobs could be newly created or preserved and an investment volume of approximately DM 7 billion could be supported.

For a supported job, public funds in the amount of approximately DM 4,000 are required within the framework of the Personal Capital Assistance Program. There are hardly any other public support programs in existence where such a high job effect is achieved and the structural change is backed to this extent with such a small use of public funds.

The favorable development in the Personal Capital Assistance Program is not solely the result of increased subsidies. The fact that other support programs for business founders--in particular the ERP-Business Founding Program--show high growth rates, is much more a signal of a change in the area of business starts. It appears that considerably more citizens today have the courage to found businesses where they will be self-employed.

This is also verified by the most recent experiences of the professional associations. According to a new investigation of the DIHT [Deutscher Industrie- und Handelstag, Federation of Chambers of German Industry and Commerce], the

number of consultations with business founders by the industry and trade professional associations has distinctly increased. All the indications are that the business founding wave has already started. This is also to be judged as a sign of regained confidence in the government's policy.

What matters now is to avoid everything which could be contrary to this development. The business founding wave must be steadied on the highest possible level. The Federal Government, especially the Federal Minister for Economics, is therefore trying hard to continue unchanged the business founding support--above all the Personal Capital Assistance Program--in spite of being compelled to consolidate the budget. Accompanying this are reflections on how the support mechanism for business starts can sensibly be more fully developed. For example, the creation of a savings model as a supplement to the existing measures is possible. Here long-term saving of the personal capital required for a business founding would be supported in order to strengthen the power of resistance of the new enterprises and to increase their chances of survival.

This objective is also furthered by Federal Government support of consulting services for business founders; this was considerably improved at the beginning of this year as well. Experience has shown that new enterprises which secured the support of experienced and qualified consultants in preparing for founding a business and in the hard early years have considerably better prospects of success in the marketplace. The positive effects of this on long-term growth and employment are of particular importance today.

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CSO: 3620/57

INCREASING PROBLEMS FOR MACHINE TOOL INDUSTRY

Hamburg DER SPIEGEL in German 7 Nov 83 p 129-136

[Text] Economic recession and foreign competitors are making trouble for the German machine-building and systems construction industry. Mass layoffs are threatening in what used to be showplace industries.

The salesmen from Schloemann-Siemag negotiated on the delivery of a complete rolling mill to France for half a year. The deal was in perfect shape when the government in Paris vetoed it--the plant, it ruled, may be built only by French companies.

The Mannesmann affiliate Demag-Sack had also already firmly counted on a billion-mark order from Mexico. But shortly before the signature, the British concern of Davy MacKee got the contract award for the construction of the planned heavy-plate plant. With a government subsidy of DM170 million, the British were easily able to underbid the German offer.

The Krupp Concern was so greatly interested in an order from Saudi Arabia that it would have sold seven container cranes even at a loss. But during the bidding for the contract, Krupp only wound up in 21st place with its offer of DM82 million. A corporation from South Korea was DM25 million cheaper.

These cases mark a trend which has been making trouble for German machine-building and plant construction companies already since last year. In the race for orders all around the world, the enterprises in the meantime more and more frequently wind up with the short end of the stick.

"The number of customers," complains Mannesmann boss Franz Josef Weisweiler, "keeps declining constantly but the number of offerors keeps growing."

So far, the machine-building and plant construction industry is still German industry's biggest-selling branch with around DM130 million and, worldwide, it is in second place after the United States--still far ahead of the Japanese. But among the good million employees there is spreading concern that the situation in the machine-building industry might soon go downhill, as in the coal and steel industries or in the shipyard industry.

"The worst capital goods recession since the 1930's," according to Tyll Necker, until a short time still president of the Machine-building Association, left its deep traces.

Almost all industrial nations have been in a recession for years now and many are seeking their salvation in protectionism; previously highly valued customers, such as Brazil, Mexico, or Nigeria, stopped having money for big purchases long ago.

German corporations offering entire plants received about 40 percent less orders than a year ago. During the first 9 months of this year, complains business manager Wolfgang Kuehnelt of the Big Plants Group, and not a single order worth more than DM200 million was recorded. "Next year," Schloemann-Siemag Board Chairman Heinrich Weiss anticipates, "the situation could become drastic."

Among the 5,500 machine-building companies, those that laid the foundation for the reputation of German high-grade work throughout the world were hit above all.

Machine-tool makers during the first 6 months of 1983 recorded about 21 percent less orders while apparatus construction declined by 27 percent. The refrigeration engineering sector was even less in demand--down 44 percent.

Other sectors did move up but so modestly that nobody was happy. Construction machinery makers registered an order increase of 1 percent and data processing equipment was ahead by 9 percent.

The industry thus prepared its people for the worst. "These losses," says Board Chairman Herbert Gassert of the Mannheim Plant and Power Plant Construction BBC [expansion unknown], "will necessarily make job problems even worse."

The German machine-building industry has laid off a considerable number of workers since the start of the decade. Around 90,000 jobs have already been cut. Most jobs were lost during the past 12 months.

Some enterprises tried for a while to get through the recession by means of shorter hours. Enterprise closings and mass discharges are no longer ruled out.

The situation looks quite dark for the producers of big plants. The Oberhausen Machine and Plant Group of Babcock reduced the personnel force by 3,600 workers since the autumn of last year. The Duisburg Mannesmann affiliate Demag wants to fill about 3,500 jobs less by the end of 1984.

Kloeckner-Humboldt-Deutz, producers of farm machinery, smelter plants, and synthetic material factories, on the other hand believe that they can get over the hump with the help of shift drops. The Krupp affiliates Koppers and MaK reduced working hours since the beginning of the year and the Krupp company Total-Walther has been doing the same thing since June. And working hours have been shortened--nobody knows for how long--for 1,000 employees, about a quarter of the domestic personnel force, at the Frankfurt Plant and Engineering Firm of Lurgi.

Many observers of the state of the economy, who do not let themselves be confused by all of the talk about the coming recovery, take the crisis in the

machine-building industry as an alarm signal. If the biggest supplier of German industry and, after the auto industry, the biggest exporter, has problems, then other branches cannot be doing well either.

The slide began quite suddenly. The "golden years" (Weiss) are not far back. During the last decade, German knowhow was so much in demand worldwide that quite a few customers were only happy to pay a little more for it.

Machinery and entire industrial complexes "Made in Germany" were being installed in all corners of the world. Krupp and Salzgitter delivered chemical plants and steel mills to the Soviet Union. The Mannheim BBC and its competitor, KWU [Power Plant Union] built power plants in Iran; Linde erected chemical plants in Taiwan, Lurgi [as published] built methanol factories in Malaysia and Indonesia; Uhde built gas refineries in Thailand.

For a time it looked as if the situation would go on like this, as if the world would never get enough German knowhow and German equipment. But the number of competitors quickly grew and cheap offerors from Japan or South Korea wrested more and more contracts away from the Germans.

Many companies therefore went in for rather shaky deals. This attempt cost many millions.

The Oberhausen Machine and Plant Group of Babcock lost about DM350 on a single project in the Emirate of Kuwait. In the case of the Doha West power plant construction project, Babcock had to make good for the failures of the subcontractors.

The MAN [Augsburg-Nuernberg Machine Factory Inc.] concern put up around DM80 million for a project involving Iraq. The people in Augsburg were to transport construction material with 200 heavy-duty trucks but it was impossible to stick to the timetable.

Former regular customers of German exporters, such as Iraq--which in the beginning of the 1980's was still showing up in German records with orders running into the billions--dropped out for the most part. Its wartime enemy Iran--which, after the Ayatollah Khomeini seized power, temporarily completely broke business relations with the Germans--is of course placing orders again and in the meantime is also paying promptly. But Tehran has nevertheless remained a problem customer.

In Turkish ports there is currently about a million tons of steel from German plants, along with thousands of containers and wooden crates containing machinery and plant parts for Iran. The material cannot be delivered because of the war with Iraq.

In other times, the domestic firms would certainly have had a much easier time in coping with the loss of such important customers as those in the Near East. In the meantime, there are hardly any orders coming from Third World countries.

Most countries are having trouble paying even only their oil bills. Others, such as Brazil and Mexico, have overreached themselves in building up their economies and are now practically bankrupt.

Whenever heads of state in recent years had to admit that they were unable to pay, German firms were at the top of the list of creditors. Former association president Necker, owner of the Hako Cleaning Machine Factory in Bad Oldesloe, is afraid that the industry will suffer heavy losses: "We tremble in Poland, Romania, Iraq, Nigeria, Mexico, Peru, Venezuela, and Brazil, and so forth and so on."

Because many export deals are backed by federal government guarantees (export credit guarantees), the government must make up for most of these losses. When Bonn therefore wanted to raise the export credit guarantee fees by 40 percent, there was almost a panic in that branch. The premium increase has been postponed in the meantime.

The domestic plant and machine builders--so complained the industry's representatives during their visit in Bonn--would then accomplish even less abroad. The competition from France, Italy, and Great Britain, but above all from Japan and South Korea, they maintained, is being supported by its governments with high subsidies.

"Of course, we still have the better knowhow," believes Mannesmann boss Weisweiler, "but when it comes to financing, we frequently wind up with the short end of the stick."

French plant builders, such as Alsthom-Atlantique or Creusot-Loire, John Brown of Britain or Japan's Sumitomo can count on high interest subsidies from the government treasuries for loans which they extend to their customers. In contrast, their German competitors offer loans only at high market interest rates; quite a few orders are lost in this fashion.

Prices and profits are mostly matters of secondary concern for government outfits such as the Italian ENI [National Hydrocarbons Agency] or the Austrian VOEST-Alpine [United Austrian Iron and Steel Works, Inc.]. The governments make up all of the losses of these outfits.

On their domestic markets, the government concerns are mostly protected against the competition. The governments watch out to make sure that no major project in their particular countries will be awarded to concerns beyond the border.

The Dutch--the fourth-ranking buyers of German machines with an import volume of around DM4 billion per year--during public bidding invitations more and more frequently demand that the order be awarded to domestic producers. Most of the time, they only get phony offers from neighboring countries in order thus to keep the prices of the domestic companies under control.

Even the Danes--along with the Germans so far still the most generous in the European community--in the meantime have begun to think primarily of themselves. Mannesmann thus received an order for the construction of a pipeline

from the Gorm gas field in the North Sea to the continent only on the condition that exclusively Danish firms be used as suppliers.

When there are lots of factory orders during boom times, the companies do not like to become involved in such orders. This is because the general contractor is in most cases liable for the quality of the plants and for on-schedule completion. He is therefore interested in making sure that he can pick his own suppliers.

But when orders are few and far between, even long-cherished principles lose weight. Today, German firms even cooperate with competitors who in the past had a bad reputation among them as cut-throat competitors.

Many plant-building concerns for example are building in the Near East together with South Korean, Philippine, or Pakistani enterprises. The Germans deliver the plants, the low-priced Asians do the construction work, and the Austrian concern VOEST is involved mostly because of its favorable financing. The government firm from Linz is called in because it can supply particularly cheaply due to high government subsidies.

No money is exchanged in many of these deals; often the terms are: commodity in exchange for commodity. In projects in Bulgaria, German firms have even been paid with tomatoes; in the Soviet Union they got tennis balls and Poland paid with geese.

Nothing is the way it used to be. No company can employ its personnel if it only waits for bidding invitations. Participation in fairs alone does not yield anything either.

Many companies long ago established sales representatives in the most remote corners of the earth, in Thailand and Taiwan, in South Korea and in Australia.

Without these branches, without the intensive efforts of the salesmen on the spot, many German machine-building companies would have to let even more people go. Because the Japanese are always there.

In addition to the American concerns, the Japanese in the meantime have developed into the toughest competitor in the important machine-tool sector. They are not just selling more; they also have more to offer in many cases.

As long as 6 years ago, when the German manufacturers were still offering, as always, almost exclusively machines of the mechanical type, Japanese firms put their money on microelectronics.

The German enterprises are catching up only slowly. Last year, only 17 percent of all machines sold were delivered with electronic controls.

In addition there is the fact that the German machines are mostly more expensive than the Japanese ones. This first of all is due to the penchant for perfection: while Japanese machines are always delivered with the desired accuracy, equipment from the FRG is more precise than necessary--and thus also more expensive.

Moreover, the German machine-building industry often produces at excessively high costs. And that is not only due to wages; the production plants in German factories, Otto Schiele, president of the Machine-Building Association, comments by way of self-criticism, supposedly "are on the average, over-age."

According to a survey conducted by the Association of Machine-Tool Makers among 1,300 firms, 66 percent of the machinery pool in 1980 was older than 10 years. Among the Japanese, only 37 percent of these old machines are still in use.

The German machine-building industry has enough problems in terms of engineering and price. If, on top of all that, there is political pressure, then the situation becomes critical.

The United States government would love to stop business deals by German plant builders with the East Bloc entirely. While President Ronald Reagan makes sure that his farmers can sell their wheat to the Soviet Union, the eastern trade of the Europeans bothers him.

According to Washington's ideas, it is not only militarily important goods, in other words, all equipment provided with electronics, which are to be withheld from the Soviets; chemical plants and rolling mills--the Americans demand--should also be on the list of banned items.

The intention is recognizable; an important competitor of American concerns would be hard hit--last year, German firms delivered plants worth DM2.7 billion to eastern European countries.

Industry therefore urges the federal government to be tough in dealing with the United States. "What wheat means to the Americans," says Board Chairman Peter Jungen of Weserhuetten, "is plant and machine-building for us."

5058

CSO: 3620/71

CHANGES IN FINNISH, SOVIET TRADE SYSTEM OUTLINED

Helsinki UUSI SUOMI in Finnish 22 Oct 83 p 23

[Article by Kimmo Salin: "From Weight in the Front to Weight in the Rear"]

[Text] The Finnish-Soviet trade advance payment system is being adjusted in the direction of the normal exercise of trade in the course of negotiations between our two countries on the next 5-year agreement.

So far Finnish suppliers have already received a fourth of the value of their orders even as the agreement is being signed. And other partial payments for orders have also arrived, for ships still under construction, for example. A system consisting of four 25-percent payments, which has been very advantageous for Finns, has been the practice.

It has indeed made things a bit easier for the domestic money market, which the central bank has had to temporarily tighten up on through other measures.

Now advances are being regulated in a more general direction, one in which a fourth is paid when the contract is signed and the rest when the goods are delivered. A 20-80-percent system has also been discussed.

A change in the way advance payments are made will bite into our domestic money market since exporters will have to look for advance financing for manufacturing or construction either from the Finnish Export Credit Fund or domestic banks.

The Bank of Finland and the Export Credit Fund have considered the matter, which is still quite unresolved. The central bank probably went on the assumption that the Export Credit Fund is responsible for postexport financing, but not for advances. The disbursement of "advances" apparently may fall within the jurisdiction of either banks of the Bank of Finland, which has in fact funded advances for ships before too.

There is one interim solution that could be in the interest of the Bank of Finland as well, namely that it might lend the money to the Export Credit Fund at a moderate rate of interest.

11,466

CSO: 3617/31

ZANUSSI INDUSTRIES TO MAKE DRASTIC JOB CUTS

Rome L'ESPRESSO in Italian 16 Oct 83 pp 218-223

[Article by Leo Sisti: "This Way I'll Save Zanussi"]

[Text] The new president of Zanussi has decided to apply the "Fiat cure" to the Pordenone Company, which is in the midst of a very serious crisis. The "cure" will cost a total of 8,000 jobs, but by 1985 the books will no longer be in the red.

Pordenone. Here's the plan: 50 lean personnel rosters, to give life to the new Zanussi. Is it a reorganization plan, a "recovery" plan? At first glance it would appear to be a "decimation" plan. The facts speak for themselves. However paradoxical it may seem, the European giant of the electric household appliance industry is in a state of crisis (a seeming paradox, for in fact its refrigeration division is not part of the problem, which does however involve the other products): it has too many people on the payroll, amounting to almost 30 percent of its 25,000 employees. In other words, there are 7,440 workers too many, or--in business parlance--"excess" or "surplus" workers: workers, in short, who must be laid off or referred to other entrepreneurs of good will.

The plan bears the signature of Umberto Cuttica, president of Zanussi since last June when the shareholders, the heirs of Lino Zanussi, got rid of Lamberto Mazza, Pordenone's real mentor and boss during the previous 15 years. One can already anticipate that as soon as all this becomes public knowledge a new "Fiat situation" will erupt violently in the northeastern region of the peninsula, where most of the factories of the group are concentrated. In Friuli and in Veneto the other major crisis of Zanussi Industries is still fresh in the public memory--the crisis of the early 70's, when the blockades of the railway stations and the "sit-ins" on the tracks sent workers and unionists to prison. Will Zanussi now resemble the Fiat of October 1980? Will Pordenone be like Turin? Three years ago in Piemonte, however, the great struggle ended with the "march of the 40,000" and the defeat of the union, whereas this time no one knows how the "arm wrestling" contest will turn out. This is true, among other things, because the man at the helm of Zanussi today--Cuttica--is precisely the man who held the sensitive post of personnel director at Fiat in the early 1970's. He is a rigid, determined man who speaks

euphemistically of "corporate procedures" to mean layoffs and thereby gives the impression that he is unwilling to demean himself by entertaining any compromise. It is as if to say that the surplus workers must go, period--that the supplementary fund cannot be used to prolong irremediable situations.

An example of the Cuttica personality is provided by the first paragraph of the plan, which reads: "The current situation of the group is largely the result of decisions and transactions that have given rise in recent years to investments--or, more generally speaking, to financial commitments--which are substantially greater than those which the group would have been able to sustain." There can be no doubt: the attack is directed at Mazza, who has been criticized unreservedly for having embarked upon questionable initiatives, almost always in order to please some politician. The Ducati operation in Bologna was in trouble and needed a rescuer: Mazza appeared on the scene, smiling broadly at the mayor of the city, Renato Zanghieri, following which Ducati cost Zanussi 100 billion lire in losses over a 5-year period. Deficits were similarly produced in other sectors ranging from electronics to components for the construction industry, from integrated kitchens to bathtubs (all of which are products that differ from the traditional "white goods" and "attachments" of an earlier time)--with serious consequences for the balance sheet. Insofar as possible, the profits from the refrigerators served to offset the deficits resulting from the other products. Today, however, the "white goods" can no longer accomplish this function by themselves. The consequences have been dramatic: losses of 140 billion lire estimated for 1983; total indebtedness of around 1 trillion. The financial burden is extremely heavy: consider only the fact that for every 100 lire of gross receipts, 12.5 lire are routed to the bank in payment of interest.

Against the background of these facts and figures, Cuttica has now put forward his plan for job cuts. "We shall stay," says the president of Zanussi, "in those activities that produce 80 percent of our gross sales, that is to say, in the 'white' electrical household appliances; in the large plants devoted to mass repairs; and to some extent in those components that are regarded as functionally and strategically useful in connection with our product line. We must rid ourselves of those companies which make products that do not relate to this product line, either by selling them to other entrepreneurs wherever possible, or else by liquidating them."

The plan supplies the numbers. Of the total of 7,440 surplus employees, 1,840 will migrate from the electronics industry to the REL [expansion unknown]--the new mixed company that will produce television sets. Of the remaining 5,600, 2,215 will face layoffs. For the other 3,385 there is the hope of being absorbed by new employers, but it is only a hope, not a certainty: although Zanussi has initiated negotiations with a view to selling a certain number of companies, we know that such negotiations often take a long time, so that additional layoffs are to be expected for many of these 3,385 workers as well.

Will all these personnel cuts enable Zanussi to "emerge from the tunnel"? Let's see. Cuttica's associates estimate that these measures can yield savings

in costs of from 120 billion to 130 billion lire (distributed over a period of 3 years, however, because the plan provides specifically for a 3-year "respite") and will therefore of themselves not suffice. Indeed, the president of Zanussi estimates that after the initial "housecleaning" (that is to say, after the reorganization is under way) at least 100 billion lire will be needed. Others believe more will be needed--at least 150 or 160 billion--thereby increasing the capital stock of the corporation from the present 80 billion lire to 230 or 240 billion, albeit in several installments.

The plan remains silent as to the specific role of the shareholders. Or, rather, the plan hints at this role only briefly, where it says that "restoration of the financial resources should be accomplished by means of an adequate contribution of risk capital." However, Lino Vanussi's widow, Gina Pavar--together with her children Antonia (the wife of Franco Zoppas, vice president of the group); Paola; and Andrea--have already announced that they can no longer shell out money and that they are disposed to reduce their equity to 51 percent from the present 80 percent, thereby permitting the participation of new shareholders. To date, however, the private individuals associated with the finance company "Consortium" (Agnelli, Lucchini, Orlando, Marzotto) have shown little interest. "They are waiting for the plan to be implemented," Guttica explains. "Then, after the sacrifices have been made, they will consider what to do."

Guttica does not appear to expect that there will be any great enthusiasm, however. In fact, he confided to some bankers he happened to meet: "Don't rely too heavily on new shareholders." Guttica does, on the other hand, anticipate a positive attitude on the part of the Friuli Region, which is prepared to pledge 75 billion lire, although not on a quid pro quo basis: the job cuts by the Zanussi president should take place in any event, quite apart from the financing. Little more than this is known, however.

For this reason the Udine labor unionists are already saying that they will not even sit down around a table to discuss the plan before the latter has been completed by supplying the missing part--that is to say, the part relating to the role of the shareholders and investment banks, notably the National Labor Bank [BNL] and the Commercial Bank; they are counting on these two banks to consolidate the debts of the group. "We are somewhat dubious," the president of the BNL, Nerio Nesi, has already told ESPRESSO, "and we shall be able to resolve our doubts only if there are new facts and new commitments."

In short, on the eve of negotiations with corporate entities that have already shown themselves to be very nervous, Guttica must offer many explanations--especially with regard to the role of the shareholders, old and new alike.

Perhaps a clue to a better understanding of the situation can be found on Page 2 of his plan, where there is mention of the plan to detach the household electric appliances operations and entrust them to a new corporation controlled by Zanussi Industries, which will thereupon become the holding company and exercise control over the operating companies. The offerings of stock by the latter could attract the attention of a number of enterprising investors desirous of participating in rehabilitated companies.

Here Are All the Cuts:

A. Pordenone. Here is a list of workers deemed to be surplus under the Cuttica plan, arranged by individual sector of production: 1) Household electric appliances (13,300 employees): layoffs for 1,750, one-third of whom are white-collar workers (plans call for closing the factories at Chiusa San Michele and Pomezia). 2) Zanussi Large Plants: of a total of 1,696 employees, 127 are surplus (including 50 at Pordenone, 48 at Conegliano and 17 at Valbrembo). 3) Components Sector: at Zanussi Metalworks (iron casting), jobs no longer exist for 30 white-collar workers, out of a total of 813 employees. 4) At Zanussi Electric-Machine Building, of a total of 2,426 workers 22 will be laid off at Oderzo, 40 at Rovigo, and between 50 and 100 at Comira, in the motors division; the plant that makes pumps is scheduled for closing (or at least for phasing out its work force). 5) At Bologna (generators) 200 will be laid off, but the plant is then to be sold with its 300 remaining employees being retained. 6) The plan makes no mention of the future of Zanussi Plastic Components, but does say that the company's 565 employees are to be phased out gradually. 7) Few cuts are planned, however, at the M.F.A. [expansion unknown], which at Aviano and San Martino produces shapes in aluminum, iron and PVC [polyvinyl chloride]; out of a total of 237 employees only 13 will be laid off.

B. Electronics Sector. 1) All the 1,686 employees at Pordenone and Campofornido will be transferred to the REL. 2) Ducati Electrical Engineering (condensers): of a total of 1,174 employees between Longarone (455) and Bologna (719), there are jobs for only 400. Longarone may perhaps be saved, but Bologna is virtually doomed: if a buyer is not found (talks are in progress with Arcotronic), it will be liquidated. 3) At Ducati Sud (electronic assembly) there is work for only half of the 392 employees: 200 will have to go. 4) For the 171 employees of INELCO [expansion unknown] (electronic equipment systems) there is no alternative: the company will have to be sold. 5) There will be no reduction in personnel for the 82 employees of Zeltron (a research center).

C. Housing. 1) Of the 522 employees of Sambuceto and Bassano (bathtubs, water heaters), 242 will be laid off: the remainder will be saved only if a buyer for the company is found. 2) The same is true at Meson's (Integrated Kitchens): 100 employees out of a total of 230 are surplus, and for the other 130, hopes depend on the sale of the company. 3) Zanussi Industrialized Construction: of the 193 employees at Spilimbergo, 53 will be laid off and 140 retained, provided the company is sold to ITALSTAT [expansion unknown]. 4) There remain the "variety" companies: FOTOMEC [Photographic Machines] (machinery for photographic printing); Cartoplave [Plave Paper] (wrapping paper); and Galvani Paper Mills (stationery); in the case of the first two named there is the possibility of a sale, whereupon the work forces would remain intact (respectively 235 and 230 employees). 5) Of the 185 employees of Galvani Paper Mills, the prospective buyers are prepared to retain only 100, leaving the other 85 without jobs.

10392

CSC: 3528/11

EXPORT STATE SECRETARY BOLKESTEIN GIVES VIEWS

The Hague EXPORT MAGAZINE in Dutch 5 Oct 83 pp 6-7, 9

[Interview with Export State Secretary Frits Bolkestein, M.A., J.D., B.Sc., by Madeleine Boerma: "Bolkestein: 'What I Want Is Very Simple'"; date and place not given; passages in slantlines printed in italics]

[Text] Frits Bolkestein is our Export State Secretary. Ever since he started out as member of government, he is being called the "peddler of The Hague".

After one year of selective export policy he tells Madeleine Boerma: "What I want is very simple".
[in boldface]

"In my house, there is a portrait of William the Silent, whom I admire enormously for his courage, and for undertaking a seemingly hopeless struggle. From him comes the dictum: 'Point n'est besoin d'espere pour entreprendre' (One does not need to hope in order to undertake something). In his eyes you see great caution, reticence, and attitude of wait-and-see."

Between the high, wood-panelled walls of his office at the Ministry of Economic Affairs, Mr Bolkestein, J.D., has conquered for a moment his dislike of talking about himself. "I am very much affected by history and tradition. I do live on the basis of history and culture."

/Are great caution and reticence not diametrically opposed to an active export policy?/

In a lecturing tone (he holds a Master's degree in philosophy, a Doctorate in law, and a Bachelor's degree in mathematics and physics): "Look at Poland. The Dutch banks have put relatively little money into it. Now they are glad that they did. As a small country, we have to keep our risks limited. There is tax money involved. That asks for much business acumen."

/Regularly, there seem to lie million and billion dollar opportunities in regions such as Indonesia and the Middle East. Why does he not rake in those orders?/

"I don't have the least illusion that we can book large orders there, if we can not offer the same favorable financial conditions as other countries do. I have worked there for years for the Shell company. Indonesians are able to negotiate like no others can. They are very clever at that game. I do not think that our historical ties with Indonesia are any reason to them to be content with less favorable financial conditions. Moreover, with large projects, such as the Maritime Plan, we have the whole world as a competitor. Such orders often are technically risky, while they are being wrangled for so fiercely that the margins are very slim. But these are above all political contracts. They should not come to the expense of our attention for less extensive orders. I want to warn against the danger that we lose the smaller projects--by chasing the large ones."

/Does good business acumen also mean that we have to make attempts to get back, in the form of orders, something of the well over one billion guilders that we have given to the United Nations Development Program (UNDP) since 1959?/

"In the government platform, it says that we shall take a look at the effects on our employment situation, insofar as our contribution to the United Nations is higher than that to which we have committed ourselves. Politically, this is a prickly subject. I have not such a faith in some members of the UN family. Their efficiency is not always equally great. Often, we do better to try and do something in direct contacts with developing countries".

At the Ministry of Development Cooperation, but also at other departments, some still have to get used to the fact that also the interests of Dutch business are well being watched. "I talk a lot with Mrs Schoo*. Precisely to achieve optimal team-work. When a Minister hits the road, and there are economic interests at stake, one of my collaborators goes along."

Our first talk takes place in the Promenade Hotel in The Hague. "Because it is so quiet here."

Behind the planter, at less than a meter distance, the State Secretary discovers his colleague Brokx of People's Housing. This elicits his remark: "We are not alone after all". Inevitably, the conversation comes to touch on his decision to give up a good job with Shell for an uncertain, relatively badly paid, political career.

"To live at Shell, for me a dimension was lacking. I have social interests. A feeling for civic spirit. The choice for a political career--even though that means to work harder for a meagre reward--is natural under such circumstances."

/In politics, people know that Bolkestein's ambitions reach higher than the State Secretariat. What are his plans?/

*The Minister of Development Cooperation.

"I have turned fifty. At that time, you notice that the vivid colors, in which life was painted, are fading. You have experienced it all already once before. But the work I am doing now fascinates me. I consider it as my most important task to introduce clear characteristics, which will be consequential, in the export policy."

/What does that export policy look like? What can entrepreneurs expect from him? While the cabinet is busy finishing its first year in office, we have heard about Bolkestein most of all that he is visiting expositions abroad and that he is conducting negotiations with foreign colleagues./

What I want is very simple, really. I want to keep what we have: the traditional European market. For the promotion of our exports to Northern Germany and Belgium I do not need to take new initiatives. That is going fine. We may laugh about Frau Antje*, but the Danish are jealous of her. For the most of Europe, a further reinforcement is needed of the work of our Export Promotion and Extension Service (EVD), and of the Chambers of Commerce abroad."

"When we look at other continents, America is important to us. We've got a good reputation there. My attention will be focused especially at the smooth functioning of our embassies and consulates all over the world.

About the possibilities for a drastic expansion of our exports to regions in Latin America and Africa, I am somewhat gloomy. Egypt is a very favorable exception in this respect. Also with Columbia, that appears to be the case.

The Far East presents a difficult situation. People are talking about it a lot, but over there, really everybody--their mothers-in-law, and their families--is busy competing. As far as Iran is concerned, I have had to review my opinion. I saw nothing to gain in trade with that country. Now it turns out that there is good business being done and that agreements are being kept".

In the past year, Bolkestein was sometimes seized by the feeling that there were no people in our country anymore who wanted to undertake something.

"Whoever has got any ambitions in our country? We are so good at whining! Fortunately, I more and more often meet people, who differ from that image. Thus, at an exposition in Columbia I met a very ordinary Dutch boy, with a modest education, who had picked up an idea from the international press, and who had built a machine on the basis of this. Then, I think: It is not all that bad, we'll manage."

In order to aid smaller enterprises, Bolkestein--after the Japanese example--wants to revive the Dutch trading firms. Those firms must help decrease the risk to the individual entrepreneur of a jump outside of the European market.

* An advertising character for Dutch export promotion.

Good news for exporters is that Bolkestein is looking for possibilities to improve the export credit insurance. In some cases, a deductible of ten percent appears to present problems. This is true in particular for exports to countries in great financial distress.

"It is a good principle that, when a customer does not pay, the supplier feels that himself. That is just his risk as an entrepreneur. However, you cannot forbid a business to avoid that risk, for instance by insuring against it. In consultation with the Dutch Central Bank, the Dutch Credit Insurance Company and the Ministry of Finance, we are searching for possibilities to handle that arrangement."

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CSO: 8114/0310-A

FINANCIAL EXPERT ON VALUE OF GUILDER

The Hague EXPORT MAGAZINE in Dutch 19 Oct 83 pp 6-7

[Interview with Frans Engering, M. Sc., Director for Foreign Financial Relations of the Ministry of Finance: "High Dollar Exchange Rate Favorable for Dutch Export. Financial Top Executive Frans Engering, M. Sc., Optimistic"; author unknown; date and place of interview not given; passages enclosed in slantlines printed in italics]

[Text] /"The export possibilities of The Netherlands will be getting better in the coming years. In this respect, an important impetus can result from the developments on the international exchange market. Do you know that the spectacular increase in the rate of exchange of the American dollar offers very interesting perspectives for our exports?"

This message, Frans Engering, M. Sc., had for Dutch entrepreneurs, and particularly for Dutch exporters, at the 300th meeting of the Central Organ, a monthly conference of entrepreneurs and the Directorate-General for Foreign Economic Relations of the Ministry of Economic Affairs./

Mr Engering, M. Sc., is an expert on international financial affairs. As Director, Foreign Financial Relations, he is intensely involved with international financial and economic developments every day. [in boldface]

"Before you can conclude that a situation is favorable or unfavorable, first you have to know whether you have to do with something temporary, or if a structural matter is concerned. In 1980, the dollar still was worth two guilders. In March of this year, it was already 2.70 guilders, in June, 2.85 guilders, and now, then, it is worth around three guilders. A spectacular increase: fifty percent in such a short time is quite something! 'Easy come, easy go' is a well-known expression. And often it holds good. But not this time. The dollar will not decrease significantly in the near future."

/"But that strong exchange rate is mainly determined by the high interest rate in the United States, isn't it, which in its turn is the consequence of the extensive budget deficit there. Will the American interest rate remain so high?"/

"But the American budget deficit is not the whole story! And then, about that deficit something can be said, also. Two hundred billion is of course a lot, certainly from our point of view. But that is six percent of the gross national product. In proportion, therefore, lower than here. And then we are talking purely about the federal deficit. Do you know that, on balance, the individual states have a surplus? The deficit of the entire government in the United States is actually four and a half percent. So, that's not so bad, really. But, as I said, there's more to tell about this. There are numerous economic factors in play which will keep the dollar strong. And psychological ones. Let's begin with the latter. The Americans are beginning to believe in themselves again. In their own strength. That is a very important datum. They have had a hangover for a long time. Think in particular of the shock because of and following Vietnam. That has gone a lot deeper than we in Europe realize. And then the economic ruin of President Carter. Well, that pessimistic period is over. The inferiority complex has been shaken off. America is undertaking things again. There is yet another interesting psychological factor, because of which investments in the United States are starting up well. That is that in quite some circles outside of America, there is uncertainty about the future of Europe. Both economically and politically. In America, some money can be made again. Europe has to prove that as yet. And many people want to invest their money as far away as possible from the Soviet Union. Even Switzerland is then still too close. Let's call it political flight capital. For those people, America is the safe alternative. A politically and militarily safe region.

Then, economic factors. Of course, the high interest rate attracts capital. With a prime rate of eleven percent and a rate of inflation of four percent, the real rate of interest is seven percent. Take the FRG as an alternative. There, the real rate of interest is three percent. For that matter, the rate of inflation in the United States will increase to about six percent, so the real rate of interest will get lower, then. But even so, because of this, a lot of investment capital is entering the United States.

Also, the balance of payments of the United States has improved structurally. Federal Reserve Board Chairman Paul Volcker pursues a clever policy, with which the growth of the money supply is kept under control. The Americans react very flexibly in economic terms to the developments. All in all, I say all kinds of conditions are being fulfilled to keep the dollar strong."

/"But what has a three guilder dollar to do with Dutch exports?"/

"In the first place, the high dollar exchange rate means that the American competitive position deteriorates. Their products are becoming relatively more expensive. Ours cheaper. The fifth percent appreciation of the

dollar since some years means a deterioration of their competitive position of twenty-five percent. Because of this, in time also the investment flow towards the United States will increase. And also, investments of the United States in Europe will come about again. On the one hand, we can better penetrate the American market. On the other hand, more investment capital for our trade and industry becomes available. At the same time, the dollar exchange rate remains high, because of the strength of the American economy. In the second place, America is not dependent on exports for the recovery of the economy, the way we are. Our economy has an outboard motor: exports. The United States generate by themselves. The recovery of the auto industry over there, for example, is a very essential contribution to the recovery. They, therefore, do not achieve the recovery 'over our backs'. But we actually do that in relation to them. Their strength gives us opportunities."

/"But our economy lags behind, compared to the countries around us. Aren't we missing the boat?"/

"No, that need not be. Our policy is to consciously slow down consumption for the benefit of investments and export stimulation. The domestic decrease in demand, which comes about because of this, can be compensated by increased sales abroad. That is also how the emphasis should be put. Stimulating the economy by way of the domestic consumption would mean that we do miss the boat. Our outboard motor, exports, will have to pull us."

/"It all sounds very nice. They say that there is more than one side to everything. So the high dollar exchange rate will probably also have its other side."/

"Certainly. Particularly the countries with big foreign debt problems will get even bigger problems. They have to pay off and pay interest in expensive dollars. Those countries are heading for hard times. This goes in particular for the Latin American countries. That will not be where our export opportunities are in the years ahead. Nor in Africa, where economic growth has been stagnating for some years."

/"Where will they be?"/

"In the United States, the new industrial countries in Asia, and of course in Europe itself."

/"So for us, the high dollar rate is a blessing?"/

"There are some risks. The increase has come fast. It is good that a stabilization occurs. One has to guard against being overly optimistic. And the danger is present, that inflation will increase because of that high exchange rate. But inflation here is at such a historically low level that that is not the main concern. Growth of the economy is more relevant. And therefore, for the Netherlands the general picture is positive."

12568

CSO: 8114/0310-B

GAS COMPANIES OBEYING MINISTER'S AUSTERITY DEMANDS

Copenhagen BERLINGSKE TIDENDE in Danish 18 Nov 83 Sec III p 5

[Article by Dan Axel]

[Text] The four regional gas companies have been able to make total savings in their long-term budgets amounting to almost 2 billion kroner.

Natural Gas South has met Energy Minister Knud Enggaard's request to save 40 percent in long-term costs. Up to the year 2000 the gas company will save about half a billion kroner on planning and administration, among other things by cutting down on gas coverage in some Southern Jutland and Northern Slesvig communities.

"We have concentrated on the more profitable areas and cut back on the less promising ones," said information chief Jorgen Jensen of Natural Gas South in a statement to BERLINGSKE TIDENDE. "But we have made it a condition for saving the 450 million kroner in the long-term budgets that the future district heating planning be made more flexible so there can be a greater connection between planning and implementation of the projects."

Jorgen Jensen added that Natural Gas South has also assumed that in the future no changes in technical requirements and specifications will be received from central sources. "This has to stop--along with time-consuming and costly calculations and studies--if we are to adhere to our savings plan," he said.

The other regional gas companies have also put their weight into saving money, as the energy minister demanded. Funen Natural Gas is very close to the 15 percent savings demand--corresponding to roughly 170 million kroner--in operations up to the year 2009, but /only/ [in italics] around 8 percent has been saved on the investment side.

The Capital Natural Gas Company is supposed to save 20 percent on its long-term budgets--corresponding to 40 million kroner a year--and here too reports to the Energy Ministry show that they are very close. Natural Gas

Sjælland is also close to the demand to cut 15 percent in operating and investment costs over the next 25 years.

In all the cuts made by the four regional natural gas companies add up to almost 2 billion kroner--over a 25-year period. But it is true that the cuts have been very drastic in areas where one could discuss whether the savings achieved are being made at the expense of a necessary expansion of the gas network, which after all is a prerequisite for future gas sales. A limited gas network would require the government to find other markets for the sale of gas--for example by exporting it or by selling it to big industrial customers.

6578

CSO: 3639/39

FISCAL, MANAGEMENT PROBLEMS IN DONG LEAD TO FIRING DIRECTOR

State Monopoly's Problems Listed

Copenhagen BERLINGSKE TIDENDE in Danish 15 Nov 83 p 16

[Article by Lisbeth Knudsen]

[Text] The ambassador who became chairman of DONG [Danish Oil and Natural Gas] was hailed for his independence and political sensitivity when he was appointed. This interest in politics and need for independence have now cost him his job.

The chairman of the DONG board of directors, Ambassador Jens Christensen, gave himself at most 6 years in the job when he stepped in in 1980 after thinking it over for 6 days and saying goodbye to the coveted London ambassadorship.

He spent only 3 years in the job and has now been returned to the Foreign Ministry with thanks for the loan by Energy Minister Knud Enggaard. During the whole time he served as DONG chairman, the chairman's wages of a good 1/2 million kroner have been paid by the energy minister to the Foreign Ministry, where Jens Christensen has kept his personnel number.

"Ambassador Jens Christensen has led the company in a very important period when the activities of the company have been in a process of rapid development. The government would like to thank the departing chairman for the very important effort he has made for the company during the past 3 years while he was on loan from the Foreign Ministry," the energy minister wrote in his diplomatic farewell to the ambassador.

Brief Talk

Jens Christensen was called to the Energy Ministry yesterday at 5:00 in the afternoon for a half-hour talk with Energy Minister Knud Enggaard. He left the meeting without much comment. It had been the energy minister's intention to draft a joint announcement from the minister and the

DONG chairman for the press, but the ambassador was not in the mood for it. It was not possible to get in touch with the DONG chairman last night.

At 5:30 pm the DONG directors were summoned by the energy minister. They too were given a short briefing. Energy Minister Knud Enggaard also informed his Social Democratic predecessor in that office, Poul Nielson, at the end of yesterday afternoon. The newly-appointed Energy Ministry department chief, Michael Lunn, received his baptism by fire in that post with the dismissal of Jens Christensen.

It was Poul Nielson who recruited Jens Christensen for the post as working chairman of the DONG board back in 1980. It was said of Jens Christensen then that he was an individual, recognized for his great negotiating skill and above all for his outstanding feel for politics. A department chief in the Energy Ministry who has just left, Ole Bech, played a significant role in connection with the recommendation of Jens Christensen. Ole Bech was vice chairman of DONG as representative of the ministry and he had worked for 5 years under Ambassador Jens Christensen in the foreign economic affairs department of the Foreign Ministry.

Nielson Partnership

Ambassador Jens Christensen and Energy Minister Poul Nielson got along well with each other. Jens Christensen quickly expanded DONG's activities and new subsidiaries under DONG saw the light of day with the strong backing of the energy minister. His appointment as chairman of the board was the result of a strong political storm around DONG's "simon-pure" oil agreement with Saudi Arabia and the energy minister's dismissal of DONG's administrative director, Gerhard Jensen.

The problems surrounding DONG's calculations in the natural gas area, political conflict over DONG's participation in the search for oil, the transfer of money to oil exploration which had not been authorized by the Finance Committee and holes in DONG's oil pipes in the North Sea along with a constant political storm surrounding energy policy were survived by Jens Christensen as chairman with Energy Minister Poul Nielson at his side. When the government shifted its colors last September, problems arose for the DONG chairman.

Breakdown

Only 2 months after the four-leaf-clover government took office, the DONG chairman recommended an agreement by one of DONG's subsidiaries, BP and UK Denmark on distribution and sale of oil products without having the approval of DONG's sole stockholder--the energy minister. The DONG chairman said directly to the papers that unless the agreement received support it would be necessary to ask why the company was set up in the first place.

After there followed an even more serious clash between the chairman and the energy minister on the direction of DONG. The energy minister put

forth one proposal and the DONG chairman hired a prominent jurist to prepare an alternative proposal with which to counter the sole stockholder's. At that time--the beginning of this year--Jens Christensen staked his position on thwarting the energy minister's proposal and he used all his political contacts with parties other than those forming the government to advance his viewpoints.

The prime minister and the finance minister sat down together and agreed that they would like to dismiss Jens Christensen, but the energy minister thought the timing was poorly chosen. The finance minister left it at publicly recommending that Jens Christensen personally take the consequences of his disagreement with the energy minister.

Under the bylaws of DONG, a general meeting of the company must be held by the end of November and the energy minister waited until the last moment to dismiss his DONG chairman. There has been criticism on the part of staff representatives on the DONG board that the general meeting was consistently delayed and there now remains a problem with a report on future DONG activities which was prepared by the departing DONG chairman, a report that is to be presented to the general meeting. The report contains problematic constructions of a political nature for the energy minister.

The choice of Environmental Affairs Ministry department chief Holger Lavesen to take over as DONG chairman for half a year as a temporary appointment comes as no surprise. Holger Lavesen has been mentioned in many different connections in recent years as a candidate for top posts within the national administration. He is recognized as being a modern administrator and he is known for not being negative toward receiving inspiration from the private business sector. Even if former Energy Minister Poul Nielson has a hard time saying goodbye to Jens Christensen in the chairmanship, he will also have a hard time criticizing the appointment of Holger Lavesen to the post.

Paper Approves Management Changes

Copenhagen BERLINGSKE TIDENDE in Danish 16 Nov 83 p 10

[Editorial: "DONG's Problems"]

[Text] It is satisfying that Energy Minister Knud Enggaard will replace the previous state board members at the upcoming general meeting of the state oil and natural gas company, DONG. Of course it will arouse special attention that the chairman, Ambassador Jens Christensen, will not be reappointed.

However this decision is very ~~under~~standable. Jens Christensen became chairman of the DONG board in 1980 in a very special situation that no

longer exists. In many cases his view of DONG's structure and purpose deviated from those of the government and the energy minister. It is of course quite untenable for a company like DONG to develop as a kind of state within the state and to have the board chairman and other board members appointed by the energy minister along with staff representatives actually try to implement their own company and energy policy. The fact that a majority in Folketing want a more active role for DONG on several points than the government does cannot excuse the politicizing efforts made by the departing board chairman. The energy minister is still the sole stockholder in DONG and the political moves must occur between him and Folketing. The new board chairman must clearly respect this.

The DONG general meeting will take place on 30 November. There is already a lot of interest in this meeting. It is true that the personality problems in the DONG management have been solved, but this does not imply a clarification of the company's--and the natural gas project's--extremely difficult situation. In this connection the public should ask the energy minister to explain what the government really thinks should happen here.

The fact is simply that the amount of gas DONG has signed a contract to start buying from DUC [Danish Underground Consortium], a private group, in the near future can apparently be sold to consumers only to a limited extent. There are prospects that DONG will pile up enormous deficits, the total organization of the natural gas project is hard to grasp and co-operation between the various natural gas interests is characterized by conflict and mutual accusations.

The energy minister has tried to cut through this on individual points. But the central question remains: How is the gas to be sold or who should pay for the natural gas misfortune? From a national economic viewpoint, the project has always been a dubious affair and now the politicians who are responsible for getting it going cannot avoid taking a stand on distributing the bills to pay for this mistake. DONG cannot solve the problem on its own, of course. Therefore a report from the energy minister is also eagerly anticipated.

Effort to Save Gas Project

Copenhagen BERLINGSKE TIDENDE in Danish 18 Nov 83 Sec III p 5

[Article by Peter Kjelstrup]

[Text] To save the natural gas project from dying under the weight of interest payments, DONG will expand it by at least 400 million cubic meters of gas a year, according to the report that cost the company's chairman, Jens Christensen, his job.

DONG wants to expand the natural gas project by another 400 million cubic meters of gas a year starting in 1990. This appears from the report the company sent to Folketing, which Energy Minister Knud Enggaard put a stop to by firing DONG's chairman, Ambassador Jens Christensen.

The expansion of the natural gas project by 400 cubic meters more gas than the company has bought from the Danish Underground Consortium is one of the steps the company wants to take in yet another effort to save the natural gas project from dying under the weight of its interest payments. The others are "an effective administration of costs" and "an effective and goal-oriented sales policy."

It appears from the secret report that in the best case the company expects a real rate of return of 6.3 percent on the entire natural gas project compared to previous estimates of as much as 17 percent. And at the same time the report does not conceal the fact that 6 percent is necessary if interest payments are to be met on the billions of kroner in loans that have been taken out already or will be in the future.

Oil Price Decline

However the basic prerequisite for maintaining this rate of return so that the gigantic project will show a profit by the year 2009 when the contract with DUC expires is that oil prices rise at least as much as inflation, while "tax conditions" have not been taken into account. Finally, energy taxes on the other forms of fuel with which natural gas competes must be maintained. The natural gas project is the only source of energy that is exempt from the energy tax.

At this time, oil prices have declined 20 percent since 1981 and there is nothing to suggest that they will not decline further.

The report says: "A continued decline in the real oil price level in the first years of the project will produce a deterioration in the finances of the project due to the increasing financing costs, regardless of whether there is a corresponding real growth later on."

DONG must already go out and borrow another 5.5 billion kroner just to get to 1987, primarily to make the interest payments on the loans the company has taken out previously.

6078

OSO: 3649/39

MADRID INDECISION OVER RABAT FISHING ACCORD VIOLATIONS

Madrid EL ALCAZAR in Spanish 8 Nov 83 p 7

/Article by Mayte Mancebo/

/Text/ The Spanish fishing sector has once again become the victim of faltering Spanish foreign policy. Barely 2 months after the signing of a shameful fishing agreement with Morocco, part of the Andalucian fishing fleet has decided to return to port and to remain inactive until the socialist government guarantees the safety of fishermen who habitually work the Moroccan fishing banks, pursuant to the agreement. The Moroccans are continually violating that agreement by seizing Spanish fishing boats, on occasion after bursts of machinegun fire, forcing them to sail to Moroccan ports and making them sign seizure documents, which at times are blank.

The Moroccan attitude which, according, to sources from the Shipowners Associations and COFRADIA of Andalucia, has worsened in the last 10 days, culminated Sunday in the seizure of four fishing boats and an effort to capture two other vessels which were fishing more than 20 miles off the coast south of Agadir and which, after 2 hours of harassment by a Moroccan patrol boat (that constantly fired at the Spanish fishing boats), managed to escape and set sail for a Spanish port.

At present, according to statements made to EL ALCAZAR by sources in the Spanish fishing sector, three fishing boats from the Port of Santa Maria are being held in the Port of Casablanca ("Jose Vicente," "Darda" and "Jaluma") and one from the Punta Umbria ("Juan y Miguel"); and it would appear that six fishing boats with home port in Algeciras are also being held, after having been seized in the past few days.

Finney

The economic difficulties which the present agreement entails for the fishing fleet (with a 40 percent reduction in the fish catch compared to the figures allowed by the previous agreement and a 70 percent increase in the tax, in addition to the requirement that Moroccan crews be employed on the vessels) are

being aggravated by the Moroccan attitude which, indiscriminately, has been in opposition to Spanish vessels and not only those that in legitimate defense of the agreement are fishing outside the permitted limits. Those indiscriminate seizures, under the pressure of arms on many occasions, are later transformed into "legal seizures" in accordance with the circumstances set forth in the seizure documents. And, as the interested parties have repeatedly reported to the Spanish authorities, they are forced to sign blank forms, giving rise to huge fines and the loss of their catch, including their equipment. All this takes place in the midst of the most complete passivity of the Spanish authorities, a good example of which is the answer once given to the press by Minister Moran.

During a press conference held jointly by the ministers of foreign affairs, Fernando Moran and of agriculture, fisheries and food, Carlos Romero, to report on the signing of the agreement with Morocco, the subject of the "signing of blank forms" was brought up. The foreign minister said that during the negotiations the general topics of the agreement had been discussed but without getting into specificities, such as the signing of blank forms. Thus, in the absence of official pressure on the part of the Spanish Government, the Moroccans are continuing to impose the "law of the strongest" vis-a-vis defenseless Spanish fishermen.

It also appears that no action has been taken on the acts of piracy that have also been reported repeatedly in which Spanish fishing boats are being victimized by the occupants of Moroccan patrol boats that without reason board the vessels, seize crates of fish and shellfish, tobacco, bottles and, in short, everything onboard which is carried off with complete impunity, as reported by the Spanish shipowners.

Official Reply Awaited

As of the moment and after the events of last Sunday, there is no unanimous position on the part of the fleet. While some of the boats have started to return to port, others are remaining inactive in the Moroccan fishing banks, awaiting some communication from their bases with regard to the position they should take, according to reports from talks between representatives of the Andalucian fishermen and the Undersecretariat of Fishing. To this end, the president of the Association of Shipowners of Huelva Province was in Madrid yesterday; and Alberto Alcaraz, president of the Huelva Province COFRADIAS Fishermen, was also keeping in touch with the administration. One thing is clear: the Andalucian fishermen are ready to remain in port indefinitely if Spain is incapable of requiring Morocco to adhere strictly to the terms of a draconian agreement which, among other things, has involved the granting of a line of credit to Morocco of almost 100 million pesetas at a time when the economy of Rabat is in such a state that there is fear of bankruptcy and, consequently, of the impossibility of its making payments.

In fishing circles, it is emphasized that political reasons are behind the resurgence of Moroccan harassment of Spanish vessels and among the possible causes cited are the Spanish Government's efforts to get the EEC to give "free port" status to Ceuta and Melilla and the recent message from the Polisario Front to Felipe Gonzalez, premier of the Spanish Government, reminding him of the commitments made to the Polisario by the socialists when they were in the opposition and asking him to bring pressure on the government of Morocco to initiate a referendum for the self-determination of the Sahara.

BALTIC COUNTRIES' POLLUTION CONFERENCE SEEN IMPROVEMENTS

Helsinki UUCI SUOMI in Finnish 25 Oct 83 p 2

[Text] The burden of waste borne by the Baltic has been considerably reduced since the signing of the so-called Helsinki Pact, even though the number of members of sewage disposal networks has grown and industrial production risen. Protection measures thus far adopted are correct, but they are not sufficient.

This is the conclusion they came to at the Baltic countries' seminar on the protection of the waters of the Baltic which ended in Espoo on Friday. At the seminar they discussed the steps that have been taken to protect the waters of the Baltic since the signing of the Helsinki Pact and future prospects. The pact was signed in 1974.

According to the final report of the seminar, the communities' waste waters are at present already very commonly processed biologically or by similarly effective means. The removal of phosphorous is common in many of the countries, but there are only a few actual examples of the elimination of nitrogen.

Among other things, the participants stressed the fact that the removal of nutrients from waste water must be made more effective and the use of water reduced. Furthermore, they felt that the bleaching of cellulose is not necessary for all purposes.

Experts from Denmark, Finland, the German Democratic Republic, the Federal Republic of Germany, Poland, Sweden and the Soviet Union participated in the seminar.

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CSO: 3617/31

EFFECTS OF WORLDWIDE TEMPERATURE RISE FOR FINLAND DETAILED

Helsinki UUSI SUOMI in Finnish 25 Oct 83 p 7

[Article by Satu Ronkko: "Climate Will Warm Up During Next Few Decades; Finnish Winter Will Become Summer, Sea Will Invade Coasts"]

[Text] Finland a few decades from now:

In Lapland it will be as warm as it is in Southern Finland now. The growing season has been prolonged by several weeks and new varieties are being tested. The sea has invaded parts of the coast.

In the news we get word that a drought is ravaging the American Midwest. The Netherlands is successfully selling its knowledge of dam construction technology to the world's big cities which are threatened with inundation.

This is not pure fantasy. Scientists in different parts of the world are beginning to share the same opinion as to the global consequences of the constantly increasing amount of carbon dioxide in the atmosphere.

"If I had to choose where I would like to live a few decades from now, I would move to Lapland or the Netherlands. There will probably be a pleasant climate in Lapland. In the Netherlands there will be the world's best dam construction technology and that's why I would be well protected against the rising ocean there."

The director of the Meteorological Institute, Prof Erkki Jutila, was playing with ideas, but there was the other side of the truth:

"Finland's climate will constantly change to a milder one. In the course of centuries the level of the sea will probably rise several meters.

"In Northern Europe the weather will change to become better than it is now, but the farther south one goes, the greater the threat of drought will be."

Winters Will Get Milder

These wild prospects for the future are based on changes occurring in the atmosphere. The amount of carbon dioxide will increase and has been increasing constantly with the burning of the fossil fuels: coal, natural gas and oil.

Half of the carbon dioxide that is released remains in the atmosphere and half is absorbed by the biosphere and the sea. How much more carbon dioxide the seas can absorb is a puzzle.

These past few decades the sharply increased amount of carbon dioxide in the atmosphere is beginning to show in Finland. Winters are getting milder and harsh winters are getting to be rarer and rarer. Melting icebergs are gradually raising the level of the sea, although the rising of the land reduces the effects of that.

It is thought that the oft-repeated droughts in the grain-growing areas of the American Midwest and the Soviet Union are in part due to the increasing volume of carbon dioxide in the air. Because the distribution of rain is beginning to change, the weather will probably in future be good for cultivation in North America and Siberia, but the soil will not be as productive as it is farther south.

Snowdrifts Only in Christmas Carols

These changes will be more and more evident over the coming decades. The closer one is to the polar regions, the more the temperature will rise. Ground that is not frozen traps and holds warmth and speeds up the thawing of any remaining snow.

Finland's climate is getting to be more and more reminiscent of the climate of Central Europe. In winter the temperature stays around zero. Snowdrifts will be remembered in remote localities and through Christmas carols.

Heating and energy costs will, of course, be reduced and the inconveniences of snow will disappear.

Scientists Agree

Changes in the temperature of the earth are not studied in Finland. Large research groups would be required for such studies.

"We have decided not to use our financial reserves for that purpose. However, we keep up with other countries' research on the subject."

Changes in the earth's climate have been studied for a long time.

Only 10 years ago scientists were arguing over whether the climate is changing.

"During the past 5 years scientists in both the East and the West have reached unanimous agreement: The carbon dioxide that has accumulated in the atmosphere for decades now is causing a warming up of the earth's climate. The polar regions are beginning to melt and changes are occurring in the distribution of rain -- there is no agreement as to what changes," Jutila said.

The U.S. Environmental Protection Agency (EPA) estimates that the polar regions are melting at a faster rate than expected. By the year 2100 the level of the sea will be 2 meters higher than it is now.

In director Jatila's opinion, that estimate is a rash one. The timing of such changes cannot be calculated. Everything depends on whether the consumption of fossil fuels increases.

"Climate is Too Big a Plaything"

If temperatures rise the level of the sea will also rise.

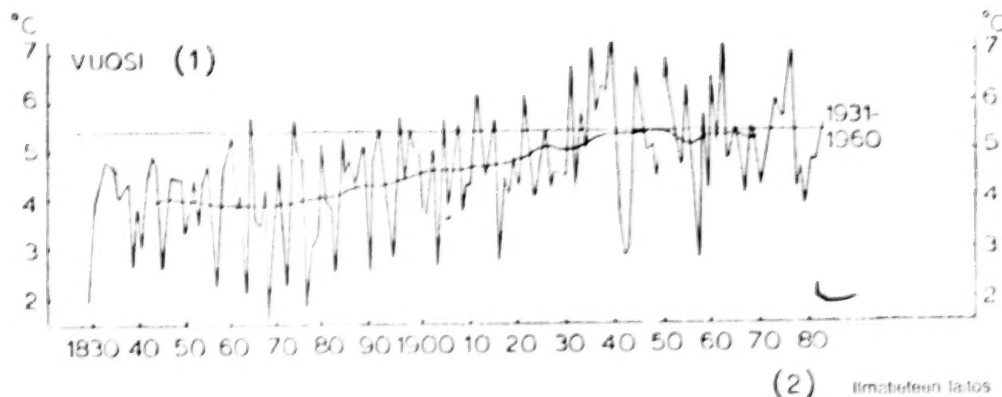
"Attached to the western side of Antarctica there is a huge ice mass. If, as the climate gets warmer, it slips into the sea and begins to melt, the level of the sea will rise by 5 meters. But that will not happen for hundreds of years.

"If all the solid ice were to melt, the level of the oceans would rise by 70 meters. That would, of course, take thousands of years."

Jatila views the future with pessimism.

"The earth's climate is a huge plaything. This is the first time man has caused changes of such magnitude on earth. This kind of testing ought to be left to the scientists and their computers.

"There is nothing to worry about in Finland. But with hunger on the increase, the whole world's cause for concern will be great. The use of fossil fuels must under no circumstances be allowed to increase, to keep the situation from getting any worse.



Key:

1. Year.
2. Meteorological Institute.

The effects of changes in the atmosphere are already beginning to be visible. Helsinki's average temperature has constantly risen and will in future rise more sharply than before. The horizontal line on the chart represents the mean value for 1931-1960 and the gentle curve the moving average over 30 years.

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